

USACE 2012 FUTURE CORPORATE AND HEADQUARTERS DESIGN STUDY



ALIGNING THE
U.S.ARMY CORPS OF ENGINEERS
FOR SUCCESS IN THE 21ST
CENTURY

APRIL 2003

EXECUTIVE SUMMARY

Since the Revolutionary War, the Army Corps of Engineers has provided vital services to the Armed Services and the Nation. With a critical role in supporting the Army, the Corps is integral in such diverse areas as the quality of life and readiness on installations, to transformation of the force for the future. The Corps is critical to the well-being of the Nation's economy and environment through developing, managing, protecting and improving our nation's water resources. Members of the Corps are deployed across the nation and around the world, working hard to maintain the high standard of public service and technical excellence.

The U.S. Army Corps of Engineers has continually transformed itself over the past 227 years. Notwithstanding our past accomplishments, expectations are rising, what was good enough in the past century will likely be insufficient in the next. We must continue to change and align all elements of our organization for success to remain relevant in the 21st century.

The USACE 2012 Future Corporate and Headquarters Design study was initiated specifically to address the missions, functions and structure of the Headquarters and Major Subordinate Commands (Division Offices) of the U.S. Army Corps of Engineers (USACE).

USACE 2012 Goal

Looking to the ideal future of USACE in 2012, identify a Headquarters structure for USACE and Major Subordinate Commands based on roles, functions and processes that, within resource limitations, best supports the mission accomplishment of the Districts, Regions, and the U.S. Army Corps of Engineers.

Executive Direction and Management (ED&M) funding has been essentially level since 1994. In response to declining resources, USACE has reduced the number of ED&M funded positions by over 500 authorized Full Time Equivalent (FTE)

"If you don't like change, you will like irrelevancy a lot less"

GEN Eric Shinseki
US Army Chief of Staff
2002

positions over the past eight years. These staff reductions have allowed USACE to operate within available funding, until this year.

Current funding levels will no longer support the existing organizational structure. One solution to this problem would be to simply seek more funding. However, recognizing that there are visible inefficiencies in the existing organization, Corps leadership commissioned this study to ensure the appropriate organization structure and business processes were in place first, before seeking additional resources.

The Study Team developed an ideal future organization concept 10 years into the future -- USACE 2012 -- and defined basic structural alternatives and recommendations for related organizational alignments. Each alternative was evaluated against a set of criteria to determine achievement of the ideal future in 2012. A preferred structural alternative is provided to create a framework for subsequent detailed analysis. Business processes will need to be defined and Functional Area Assessments will be required to complete the organizational design and to determine specific resource requirements.

The *Introduction* lays out the study approach and cautions that to consider the recommendations of the report without understanding the systemic nature of the Corps' organization and work will likely leave the reader confused or expecting too much out of changing the structure.

The *Case for Change* provides a vision of USACE 2012 and discusses challenges, changes, problems, stresses, opportunities and new realities that Corps senior leaders must embrace today to realize the Corps' ideal future tomorrow.

The *Views of Those We Serve* indicates that improvements in Corps business processes, responsiveness, teamwork, sharing of lessons learned and communications practices are needed in order to improve our credibility and relationships.

The *Ideal Corporate Future Design* looks at how forces shaping our work in 2003 will likely play out and why the Corps will have to be significantly different in 2012 from what it is today.

The *Preferred Structural Alternative* was developed after hearing from others, thinking about and discussing the future, looking at what is required in law, and vetting our thoughts and assumptions throughout the Corps.

The report contains 16 specific recommendations. Recommendations 1-8 are within the scope of study. Recommendations 9-16 address issues regarding relevant processes, operations, relationships and responsiveness that were developed during the course of this study, but outside the scope. These recommendations are independent of the first 8, will require additional evaluation, and can be pursued immediately.

RECOMMENDATION 1: Act as “One Corps”

Align and operate as one Corps with the primary responsibility, authority, tasks and activities at each echelon commensurate with the appropriate role of strategic, operational or tactical (Washington, Division and District).

RECOMMENDATION 2: Act as “One Headquarters”

Align HQUSACE and the MSCs echelons so that they are operating seamlessly as one headquarters. Assign functions at each level to add value and eliminate redundancies.

RECOMMENDATION 3: Headquarters Focus

Focus the Headquarters in Washington primarily on strategic learning and direction, national relationships, national policy and creating conditions for success of the entire organization.

RECOMMENDATION 4: Division Office Focus

Focus the Division Offices on creating conditions for success that enable the achievement of missions within the Regional Business Center through the accomplishment of Command and Control, Regional Interface, Program Management and Quality Assurance.

RECOMMENDATION 5: Regional Business Center

Adopt the Regional Business Center as the Corps primary operating unit. Move toward the RBC objective state as defined in the RBC 2012 Concept Paper, March 24, 2003.

RECOMMENDATION 6: Integration Teams

Synchronize business processes through the use of small teams at the Washington and Regional Headquarters to horizontally and vertically integrate all actions.

RECOMMENDATION 7: Business Process and Functional Area Assessments

Consider structure, function and process comprehensively. Immediately begin to analyze the Corps' organizational structure and business processes. Define "Objective Organization" by 1 October 2003.

RECOMMENDATION 8: Preferred Structural Alternative

Align elements of the Washington and Division Offices to implement the first 7 recommendations. A revised Preferred Structural Alternative is included in this report.

RECOMMENDATION 9: One Policy/One Review

Operate under one set of Corps-wide policies. Review compliance and consistency with those policies at only one level.

RECOMMENDATION 10: Empowerment

Empower Commanders to perform the mission of the organization by delegating authorities to the lowest level.

RECOMMENDATION 11: Align Expertise with Work

Locate technical engineering and construction expertise close to the work.

RECOMMENDATION 12: Align Structure with Mission

Align structure with mission and funding.

RECOMMENDATION 13: Metrics

Align corporate effectiveness metrics with mission requirements.

RECOMMENDATION 14: Strategic Planning Process and Roles

Redesign the Corps strategic planning process. Assign Corps Senior Leaders major responsibilities.

RECOMMENDATION 15: Business Practices

Institute protocols to ensure that business practices do not negatively affect our responsiveness to those within and outside the Corps. This includes tele-commuting, alternative work sites and flexible duty schedules, meetings, voice mail and e-mail.

RECOMMENDATION 16: Communications Principles

Develop action plans to institutionalize our Communication Principles throughout the Corps.

For most companies, organizational design is neither a science nor an art; it's an oxymoron. Organizational structures rarely result from systematic, methodical planning. Rather, they evolve over time, in fits and starts, shaped more by politics than policies. The haphazard nature of the resulting structures is a source of constant frustration to senior executives. Strategic initiatives stall or go astray because responsibilities are fragmented or unclear. Turf wars torpedo collaboration and knowledge sharing. Promising opportunities die for lack of managerial attention. Overly complex structures, such as matrix organizations, collapse because of lack of clarity about responsibilities.

Most executives can sense when their organizations are not working well, but few know how to correct the situation. A comprehensive redesign is just too intimidating. For one thing, it's immensely complicated, involving an endless stream of trade-offs and variables. For another, it's divisive, frequently disintegrating into personality conflicts and power plays. So when organizational design problems arise, managers most often focus on the most glaring flaws and, in the process, make the overall structure even more unwieldy and even less strategic.

Michael Goold and Andrew Campbell, p. 117, HBR, March 2002

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INTRODUCTION

The U.S. Army Corps of Engineers has continually transformed itself over the past 227 years to remain relevant and meet the changing needs of the Army and the Nation. Today, we accomplish our many missions skillfully and professionally. We are proud of our heritage and do many things very well. We have constantly worked to improve our people, processes and communications. Notwithstanding our past accomplishments, expectations are rising, what was good enough in the past century will likely be insufficient in the next. We must continue to change if we are to remain relevant in the 21st century.

“If you don’t like change, you will like irrelevancy a lot less”

*GEN Eric Shinseki
US Army Chief of Staff
2002*

The events leading to the initiation of this study were relatively straightforward. Solutions to the problems subsequently identified in this study are much more complex. The following paragraphs briefly describe the approach this study has taken.

The U.S. Army Corps of Engineers (USACE) Executive Direction and Management (ED&M) funding has been essentially level since 1994. Funding in constant dollars has effectively decreased 30 percent. In response to declining resources, USACE has conducted numerous organizational studies, reduced the number of division offices, refined MSC (Major Subordinate Command) missions and functions, conducted bottom-up-reviews and conducted sporadic functional area assessments. These efforts reduced the number of ED&M funded positions by over 500 authorized Full Time Equivalent’s (FTE’s) over the past eight years. These staff reductions have allowed USACE to operate within available funding, until this year.

*“The best time to change is **before** you have to.”*

*Carol Kinsey Goman,
Ph.D*

Current funding levels will no longer support the existing organizational structure. Roughly ten percent of all positions are currently going unfilled due to insufficient resources. One solution to this problem would have been to simply seek more funding. However, recognizing that there are visible

inefficiencies in the existing organization, Corps leadership commissioned this study to ensure we had the appropriate structure and business processes before seeking additional resources.

Initially, the study team began to develop specific structural proposals, similar to the methodology used in previous efforts. It soon readily became apparent that what was needed was a broader look at the division offices and Washington Headquarters and HQs missions, functions, roles and responsibilities. The one stark learning point was that structural change alone was insufficient without a more comprehensive evaluation of the entire organizational system, and the effective management of the interactions within the system.

Given the above, the goal of this study is:

USACE 2012 Goal

Looking to the ideal future of USACE in 2012, identify a Headquarters structure for USACE and Major Subordinate Commands based on roles, functions and processes that, within resource limitations, best supports the mission accomplishment of the Districts, Regions, and the U.S. Army Corps of Engineers.

Creating the ideal future corporate design for the U.S. Army Corps of Engineers has been a strategic need of the organization for a long time. Describing the ideal future is one thing. Leaders understanding the need to change, how to change and then changing, are much more difficult and significant challenges both for leaders and the organization.

Previous studies started with the existing organization and reconstituted some of the various pieces, along with the various missions and functions, into new structural proposals with good intentions, but the same traditional, industrial-age, hierarchical culture. The results were an organization where structure does not foster responsiveness to our stakeholders, partners and overseers. We have too many layers, there are

“Even though change is difficult, let me assure all the elements of the Army organization—Soldiers in the Active and Reserve Components, civilian employees, contractors, and their families—and the American public that these changes are essential if we are to achieve the goal of providing the maximum possible security for the citizens of the United States.”

*Honorable Thomas White,
Secretary of the Army*

too many separate functional decisions to be made and there is too little collaboration across organizational lines.

The approach this study team has taken is fundamentally different – we have approached the problem from a number of perspectives and have created opportunities during the study process for every Corps team member to contribute to the dialogue.

- **Those We Serve.** We conducted personal interviews with members of the Executive Branch, Congress, Department of Defense customers, sponsors, partners, associations and other stakeholders. We solicited views on missions, roles, technical expertise, areas for improvement, business practices, the ideal vision of the Corps, and other areas of concern.
- **Those Who Serve.** We conducted personal interviews with Corps senior leaders and obtained the perspectives of emerging leaders and over 350 Headquarters and Division team members. Functional leaders of all Headquarters staff elements provided their vision for the Corps and their respective functions in 2012.
- **Missions We Perform.** As each alternative was developed, we analyzed and considered the missions of command and control, policy development and implementation, program management, national/regional interface and quality assurance.
- **Lessons Learned.** We incorporated lessons learned into the formulation of each alternative based on our previous attempts to change.
- **Systems approach (7S Model).** We created the *Ideal Future Design* using a systems approach. Our *Ideal Future Design* is based on a point 10 years into the future and uses the 7S framework (see box).
- **Alternative Structures.** Five alternative structures were developed during offsite meetings of the team. These alternatives are focused on only one of the 7Ss: Structure.

7S or Seven S Model

The McKinsey 7S model was originally developed as a diagnostic for organizational effectiveness, and consists of seven elements -- Structure, Strategy, Systems, Shared Values, Skills, Style and Staff).

The Learning Advisory Board modified the 7Ss (to Structure, Strategy, Systems, Shared Values, Stakeholder Values, Style of Leadership, and Skills) for use by USACE's leaders as a systemic tool to align all elements of culture for transformation. The USACE Learning Organization Doctrine more fully discusses the 7Ss.

The team selected important elements from these structure models and developed a sixth Preferred Alternative to move toward the Ideal Future Design.

- **Vetting.** After developing the *Preferred Alternative*, the team leader held a series of meetings with the leadership of the two major program directorates (Civil Works and Military Programs), the USACE Chief of Staff and the Deputy Commanding General. Draft copies of this report were presented, discussed and issues clarified. Suggestions were made to the study team to improve and strengthen their recommendations. With these recommendations in hand, the study team agreed with the suggestions and developed Alternative #7, *Integrated Corporate Alignment*, the Preferred Structural Alternative, which was presented in the first draft of this report.
- **Review.** The first draft of this report was circulated Corps wide for review and comment. Thousands of comments on the first draft were considered and incorporated. Functional chiefs prepared functional responses. Numerous small group discussions were held and comments captured at each headquarters office. Issues were clarified at a meeting of the eight Division Commanders with the Deputy Commanding General. The team considered input from all of these sources and developed a new Preferred Structural Alternative, Alternative #8, *Integrated Corporate Alignment-Revised*. The other seven alternatives previously developed are presented in Appendix F, *Alternative Analysis*.

The reader is encouraged to fully consider: the views of internal and external stakeholders; the missions the Corps is charged with executing; lessons from previous structure change initiatives, and; all elements of the 7Ss model and their interactions. All parts must be understood as a whole social system (organization or culture) to understand the logic behind the structure proposed, and to realize the structure's potential to contribute to a more effective Corps. The collective leadership of the Corps must align all of the "Ss" with the *Ideal Future Design*. ***To only consider the recommendations of the report without understanding the***

systemic nature of the Corps' organization and work will likely leave the reader confused, or at minimum, expecting too much out of changing the structure.

The main body of the report is designed to be relatively short with more detailed analysis provided in the appendices. While there is a short statement of the *Ideal Future Design* in the

*United States Army: Transformation Initiatives For
Major Commands And Field Operating Agencies*

...transformation requires a holistic approach to meeting the demands of the National Security Strategy. —It includes a fundamental review of how The Army organizes, mans, equips, trains, and develops its leaders to execute its doctrine in the 21st Century.

The changes The Army is undertaking are intended to achieve efficiencies and increase responsiveness with tailorable operational headquarters capable of supporting a range of coalition, joint and Army contingency operations.

To the maximum extent possible, The Army is integrating common headquarters functions into a single, functional organization.

body of the report, this cannot be fully understood without reading the full description of USACE 2012 in Appendix C.

THE CASE FOR CHANGE

In the year 2012, the U.S. Army Corps of Engineers will:

- Be respected and valued by the Army for its support to the war fighter;
- Be trusted and respected by the Executive Branch, Congress, the media and the public;
- Meet the Nation's water resources needs efficiently, effectively, and economically while sustaining the environment;
- Be led by a Headquarters organization that creates the conditions for success to meet the expectations of those we serve;
- Spend more time working with stakeholders and less time managing the internal bureaucracy;
- Be a preferred Federal employer with team members making significant contributions to the success of the Army and the Nation;
- Have information systems that work seamlessly and reliably from any geographic location;
- Use a web-based Learning Network that provides best practices, e-learning, innovations, and regular dialogue for Communities of Practice;
- Have a reputation of doing what we say we will do;
- Be led by strategic thinkers continually learning from customers and partners, other stakeholders, Federal and state agency partners, and from the organization's experience of what works,

OR

The U.S. Army Corps of Engineers will no longer exist in 2012, because we did not have sufficient courage to change.

In many ways, the Corps is unique among Federal agencies. We build and operate civilian and military facilities and water-resources infrastructure, yet we also have a regulatory environmental function. We are part of the Army, a service

Deep Change or Slow Death

"As fast, furious, and constant change takes root in our everyday work lives, putting pressure on both organizations and individuals to adapt or perish, many of us are choosing a dangerous tactic: keeping our heads down, our mouths shut, and simply taking our paychecks to the bank--a no passion, no-commitment work ethic. a path of slow career death--a path that also affects the competitiveness, progress, and overall health of the organizations in which we work."

*Robert E. Quinn
"Deep Change"*

organization for governmental agencies and partners with the private sector. Officers of the U.S. Army lead the largely civilian workforce. Professional civil servants under the leadership of military officers generate a unique synergy: an experienced cadre of civilian technical expertise under disciplined military leadership. We are part of the Executive Branch and take direction from them while serving the mandates contained in the funding provided by the Congress under the laws of the United States. Additionally, our cost sharing sponsors not only provide funding but are essential partners in successfully accomplishing our work. The satisfaction of one stakeholder often rankles another. Few Federal agencies have such a complex culture, multi-directional relationships, and varied missions.

The Corps increasingly faces an economic and political context challenging 227 years of tradition and service to our Nation. These challenges include complex demands and systemic problems of customers and stakeholders; new kinds of work; the need to attract, retain, and motivate a changing professional workforce, and a global and national environment that demands a lean, flexible, responsive organization with highly efficient practices. These new stresses exacerbate normal tensions between internal elements and structures, especially when there is no shared strategy to reshape the whole organization to meet these challenges.

The context within the Federal government is also changing. In the eyes of the public, the Federal government is not performing nearly as well as it should. This has led to a multitude of management initiatives. Agency performance is being measured against specific program performance objectives. Many of the current proposals to consolidate Federal agencies or to increase competitive sourcing of non-core functions are viewed by some as threats. Strategic agencies will embrace these initiatives as opportunities to improve their organizations to better serve the people of the Nation. Agencies that resist these changes run the risk of becoming irrelevant in the future.

Although the Corps has some unique challenges, we share many of the same problems being experienced throughout the entire Federal government. Selected quotes from the recently

released report of the National Commission on the Public Service, chaired by Paul Volcker, former Federal Reserve Chairman, are presented on the following pages.

Selected Quotes from
URGENT BUSINESS FOR AMERICA
REVITALIZING THE FEDERAL GOVERNMENT FOR THE
21ST CENTURY
REPORT OF THE NATIONAL COMMISSION ON THE
PUBLIC SERVICE
JANUARY 2003

The need to improve performance is urgent and compelling. Across the full range of government activities, new demands are accelerating, and the pace of change is quickening. At the same time, the Federal government has had difficulty in adapting to the knowledge based economy and taking advantage of the significant advances in technology.

The Federal government is neither organized nor staffed nor adequately prepared to meet the demands of the 21st century.

Capacity and performance in government do not now equal public demands and expectations.

The seemingly coherent mid-20th century organizational structure of the Federal government has been overtaken by events. Today, we have inherited an accumulation of particular organizations that follow no logical pattern. As a consequence, public servants often find themselves in doubt about the relevance and importance of their agency's mission while spending inordinate amounts of time coordinating or battling with their counterparts in other agencies. In energy policy, health care, environmental protection, resource management, and scores of other important public matters, decisions are made and remade from different perspectives.....but central principles and core structures changed little.

This ad hoc layering of agencies, departments, and programs greatly complicated management, expanded the influence of powerful interests, and diminished coherent policy direction. The Federal government today is a layered jumble of organizations with muddled public missions.

Selected Quotes from
URGENT BUSINESS FOR AMERICA
(Continued)

American citizens and their national government face a variety of new and demanding challenges in the 21st century. People live longer and the average age of the population will continue to increase.

New technologies are bringing far-reaching changes in the way we work, produce our food, obtain and communicate information, and care for ourselves.

Globalization, the extraordinary needs of developing nations, and the availability of weapons of mass destruction to non-state actors are redefining national security and international relations. In the United States, there are accelerating demands on limited resources like fuel and water.

Those with policy responsibility find their decision-making frustrated by overlapping jurisdictions, competing special interests, and sluggish administrative response. Those who enter the civil service often find themselves trapped in a maze of rules and regulations that thwart their personal development and stifle their creativity. The system has evolved not by plan or considered analysis but by accretion over time, politically inspired tinkering, and neglect.

Another less tangible, but equally alarming development has occurred in recent years. Trust and credibility—a hallmark of the U.S. Army Corps of Engineers for over 227 years—has eroded in the eyes of many of our diverse stakeholders, partners and overseers. The bonds between the Corps and those we serve, essential to our service to the Nation, are frayed. The credibility and reliability of our work products have been called into question. Our responsiveness, efficiency and too often our integrity are broadly challenged as we enter a new century.

The case for why the Corps must change is clear to many, yet others remain unconvinced. Those preferring the status quo see change as chaotic, unpredictable, and challenging. They

question the need to change those behaviors which made the organizational successful in the past. The reality is that change is occurring regardless of whether or not it is planned. The challenge is to develop strategies to shape and adapt to the change in a planned fashion rather than reacting as it occurs.

Rather than viewing change as a threat, the study team believes that changes provide the Corps with unprecedented opportunities. Technology is increasing exponentially as is our ability to solve problems by leveraging the expertise of our partners, customers and stakeholders. Scarce resources can mean that if we focus on getting the best talent available, we can keep it constantly honed by performing exciting work. Virtual teaming allows for the expert to be a continent or even several continents away, but still an integral member of the team. Managing programs and expertise at a regional level means providing meaningful, challenging work for our employees that is not just confined to the local area. The complexity and criticality of our work, scarcity of resources, and the instant nature of communication argues for us to do our best the first time without rework or lost effort.

This study addresses these new realities and calls for needed changes in the size and functioning of the Headquarters but, more importantly, how we view the work and work practices that we perform in the Headquarters of the U.S. Army Corps of Engineers. Clarification and consolidation of responsibilities of the Headquarters staff, combined with greater delegation of operational responsibilities to regional and local Corps managers, must be the hallmark of our progress.

After considering the views of internal and external stakeholders and factors affecting the Ideal Future Design, this report analyzes a number of structural alternatives, and recommends one structural change as best approximating the ideal future. ***But the results of structural change are always over-inflated, since changing structure can only be a part of what is necessary to change culture for the ideal future.*** Through a rigorous analysis of where we are today, and accepting a short delivery date, this report also provides the

With every passing day, the gap between expectations and responsive capacity is growing. If we do not make the necessary changes now, when our needs are clear, we will be forced to cope with the consequences later in crisis after crisis.

The Volcker Report

missing picture of the Corps in 2012 as best as our foresight allows.

The team producing this report recognizes that this report must be discussed fully by the senior leadership in the Corps, and interactively by them with other stakeholders inside and outside the organization. Corps team members have a stake as well as they have often voiced passionately how we need to change. Decisions to change will not be easy and may not even be agreed upon, but if we are to continue to serve, change must emerge from this interactive leadership dialogue. If this document remains a report on the shelf or the hard-drive, we have failed.

Corps senior leaders must decide to do today what is necessary to realize the Corps' ideal future tomorrow. This is our *strategic* responsibility. If we decline to accept this responsibility, we will be driven only by the urgent, but largely reactive, operational crisis of the moment.

VIEWS

OF THOSE WE SERVE AND THOSE WHO SERVE

The U.S. Army Corps of Engineers has served the Nation for over 227 years. One of our great strengths has always been our ability to adapt to and meet the changing needs of our country, and increasingly, our global partners. Feedback received indicates that if we want to continue to serve in the 21st century, we need to continuously improve.

Significant improvements in Corps business processes, responsiveness, teamwork, sharing of lessons learned and communications practices are needed in order to improve our credibility and relationships. These are the key messages received from over 30 personal interviews with *those we serve* in the Executive Branch, Army, Air Force, Department of Defense, Congress, other governmental agencies, private industry, and associations. These are virtually the same messages received from *those who serve* – Corps employees – from over 80 personal interviews with Headquarters, Division, and Laboratory representatives, District personnel, and more than 350 online responses from Emerging Leaders, and Division and Washington Headquarters employees. Although diverse opinions were desired, the feedback was not intended to be a statistical representation of these groups or a comprehensive customer satisfaction survey given the finite amount of time allotted for the study.

The results of all interviews were summarized and analyzed. Appendix B contains the actual questions used and analyses of the most frequent responses. Interviews and questions focused on areas of concern and recommended areas for improvements. We did not ask respondents to tell us what we were doing right. Despite this, many respondents noted that they were impressed with our professionalism, that they depended on our diverse expertise to accomplish their work, and that many relationships were solid. Examples of complimentary quotes received from the interviews and surveys are:

“If you spend more time asking appropriate questions rather than giving answers or opinions, your listening skills will increase.”

Brian Koslow, Business Consultant

“We are born to have two ears – one left, one right so we can hear both sides, collect both the compliments and criticisms, to see which are right.”

*Our Greatest Wealth,
Anonymous*

Those We Serve

“Stakeholders. Hear generally good things about the Corps. Regional/National listening sessions were good.”

“Nation needs a leader in federal water policy issues. I believe the Corps is best suited to provide that leadership. If we want to do things on a large scale, the Corps is the one agency that can do it.”

“I am in regular communication and have had positive interactions with LTG Flowers and other Corps leaders in Washington, as well as the men and women leading our local Corps division in my home state.”

“For those who care about ecosystems, the Corps has a huge expertise and capacity to deliver.”

“The Corps is innovative and looking for new ways to help the Nation. I hope you continue to look for new ways to do things.”

Those Who Serve

“Most people who work with us are usually impressed with the talent and professionalism of Corps employees.”

“We have a very good relationship with the HQ people and I rely on them for policy questions and interaction with the other major offices.”

“I find there is a great two-way relationship between the MSC and HQ for Installation Support. HQ is helping consolidate good ideas and bring them to each MSC based on listening to feedback.”

“My MSC division chief is very active/proactive. The staff is small and efficient, knowledgeable and helpful.”

“My customers (1.5 million of them each year) are very satisfied and grateful for what we as Corps employees do and the services we provide.”

Although we received positive feedback and examples of excellence, even our most ardent supporters felt additional improvement in our Strategic Vision focus areas -- *People, Process and Communication* -- was needed to prepare for the future. The following key quotes and themes extracted from the interviews express these concerns.

PEOPLE

Those We Serve

“We’re all stakeholders on an equal basis, there are no external or internal stakeholders. Any failure is OUR failure.”

“There is underlying concern (in the Congress) about the integrity of the Corps.”

“A lot of Headquarters and Division managers tend to manage by passing messages back and forth and are not as responsive as they need to be.”

“Things can happen quickly and they (Congress) need information quickly. They hate surprises.”

“Corps attitude is ‘our way or no way’”.

“I wish the Corps recruited and rewarded engineers who are focused on environmental restoration as much as they do engineers who are focused on other traditional engineering things.”

Those Who Serve

“Our offices are competing with each other versus having a corporate, holistic focus.”

“Credibility with both customers and employees is on the line.”

“One word, “leadership”. There is serious lack of trust that leaders will do the right thing, or anything at all that is of actual benefit to workers.”

“I met a customer from HQ USAF, he was at HQ for another issue, and went to see the (Project Manager) to talk issues while he was here and found nobody! They were all out telecommuting that day.”

“We’re not responsive to the needs and desires of our customers.”

“Acknowledge that I am important and do good things for our organization...we only promote men with P.E.’s.”

The primary topic areas revolved around people, culture and our interaction with one another. Typical concerns expressed by respondents were that the Corps may: adopt a “we versus them” attitude and does not treat others as equal partners; may not be credible; pass papers around in a bureaucratic maze; fail to respond when someone asks for help; be

arrogant and inflexible, and; disproportionately address the needs of some stakeholders over others.

Team thinking and behavior are essential skills to produce successful solutions to problems. As such, we will succeed or fail together. *Those we serve* feel they are not always treated as full and equal members of the team. *Those who serve* feel there is too much internal focus on “my turf” versus thinking corporately. In both instances, a failure to build relationships often contributes to the problem.

Trust is the foundation for all relationships. Feeling secure that a person’s word is their bond is necessary for successful partnerships. In some circles, there is concern with our integrity and credibility. Where hundreds or millions of taxpayer dollars are involved, our customers and stakeholders depend on us to provide technically accurate, balanced information and decisions. If someone we serve or our own employees feel the need to seek out other sources of information to verify what has been presented, or determines they have been given distorted, biased or inaccurate information upon which to make a decision, a significant loss of trust occurs. Independent technical review can be a vital tool for addressing this issue.

We are perceived by some as being involved in a paper game whereby we shuffle paper from office to office versus talking to each other to arrive at a timely decision. In addition, we are seen as being so preoccupied with this shuffling that we may not answer when a customer or a co-worker calls. Our work schedules, locations and level of response may be based on what is convenient for us, not necessarily what is in the best interests of our customers or co-workers. Even worse, in some instances no one is physically present to answer the phone when help is needed. Tele-work and flexi-tour are valuable workplace tools, but they must be implemented in a thoughtful manner to avoid diminishing customer service.

An arrogant attitude and being afflicted with “not invented here” syndrome are two more maladies described by respondents. Different opinions and different levels and types of expertise exist, yet we may put greater weight on our Corps expertise. Inside the Corps, we are perceived as

reinventing products or services that are readily available from elsewhere to ensure that it has the Corps brand. Automation Information Systems (AIS) were given as examples of the latter.

There is a perception and concern that we may value input of certain stakeholders over others. Interviewees expressed that the Corps may not provide balanced consideration for diverse points of view and needs when preparing a decision document or planning work, and may fail to provide balanced support and opportunities for all employees.

PROCESS

Those We Serve

“You don’t measure success with my (customer’s) yardstick.”

“As a first class benchmark, the Corps needs to execute all of its programs as effectively as we do emergency operations.”

You should fire all 41 people engaged in determining timelines in your Districts – a contractor will take as long as you give him.”

“The Corps is a four level organization (District, Division, HQ, ASA,) and if you add OMB, it is really 5 levels: the Corps lacks strong coordination among all levels.”

“Does the Corps need to perform these services (Project Management) or can more of this type work be accomplished by the private sector?”

Those Who Serve

“We need clear measures of success specifically, and most importantly – customer satisfaction measures”

“We need to cut down on all the bureaucratic wasted efforts and let us do our jobs.”

“I sent a PCA out in April for a normal 60- day review and I’m still trying to get it worked out 210 days later.”

“All Districts and Divisions operate as their individual fiefdom/kingdom.”

“My customers are tired of talking to non-engineers on engineering problems. They say they don’t need program managers, they need engineer experts.”

“Do not get into a “one size fits all” mentality. Your support must be tailored and scalable.”

“One size fits” all guidance is not empowering us to make the right decisions for our situation.”

The primary focus of comments on *Process* related to perceptions on the way we conduct business, failing to measure success with our customers’ yardsticks; meandering through a bureaucratic maze; being slow and expensive; failing to be responsive; and adopting the philosophy of “one size fits all.”

Regardless of how smoothly a product was produced or how high the resulting quality, if the outcome was not what the customer wanted or needed, we have not created lasting relationships to better serve the Nation. We were also told that we do not consistently define what success looks like for employees, how we will measure their performance, or how we will know that we have achieved success.

From an external perspective, a maze may best describe the Corps complex, bureaucratic organization. A perception exists that some employees are concerned only with accomplishing their portion of the project. When an issue requires resolution, one must search for the “answer person” or decision-maker. If they successfully jump the first hurdle and receive an answer, they may discover more hurdles ahead - other “answer people” waiting to give them two or three more decisions. We may end up with three totally different answers, yet each source is fully convinced that their opinion is the correct one because it favors their office or their customers’ interests. These repetitive layers of review and divergent opinions that take significant time to resolve, if ever, are contributing factors to the criticism that we are too slow and too expensive.

Providing the right contact for the right situation is another challenge we face. Most see value in the concept of having a single point of contact for a particular project or for a particular stakeholder group. The idea of searching endless telephone listings of people in offices and guessing which is

correct, being bounced from one person to another, or navigating endless pages on the Internet is distasteful and undermines our effectiveness. The point of contact needs to be the “right” one -- someone who has a healthy relationship with those they serve or work with, and who has the knowledge necessary to answer the question being posed. We sometimes fail to leverage, and sometimes even discourage, existing relationships between our employees and those they serve.

One size fits all rarely fits well, yet we are viewed by some as attempting to wedge customers’ needs into tidy, existing packages versus providing customized solutions that serve both the customer and the Nation. Those who seek solutions from us expect the best solution for their particular circumstance. The same is true for our workplace, in that we are often told, “you must do it this way, no exceptions.”

COMMUNICATION

Those We Serve

“Need to remain relevant to the public interest. The Corps is not the only game in town.”

“Generally, we hear bad news from others. We should hear it from you.”

“When west coast ports shut down due to a labor dispute, it became a national security issue. When ports shut down due to lack of dredging it is not an issue.”

“The Corps is content to sit back and watch and wait.”

“There is wide variation in the sophistication between Districts. Need to operate regionally and share expertise

Those Who Serve

“The Army and the nation don’t think we are relevant.”

“We don’t pay for our mistakes or admit them.”

“Need to be proactive with news releases and public outreach for the “good” things the Corps is doing worldwide.”

“Get our heads out of the sand and stop thinking we are untouchable.”

“I’m asked, why can’t you do it like X District or Y Division?”

among Districts.”

“Communications with District are good and frequent, but when HQ and MSC’s become “hands on” it takes a long time to get them spun up.”

“I recently came from the field to the Division. I am a very-involved-in-resolving-issues person. I was told to get out of the mode of “helping” those in the field -- “we don’t do real work, we just oversee it.” Seems like a really bad attitude to me.”

Of greatest concern to the survey respondents were not communicating our value to the Army and the Nation, our reluctance to admit mistakes, a seemingly arrogant and untouchable attitude, a failure to share lessons learned, and inconsistent communication across the organization.

Despite having played a vital role in our country’s development, few of those we serve or those who serve, know the diversity and value of how the Corps serves the Nation. Those who deal with civil matters (emergency response, navigation, flood and coastal storm damage reduction, environmental, etc.) generally know little about the military support we provide or that we are currently working to improve quality of life in over 90 countries. Those who deal with military matters (providing engineering, construction and environmental support, along with research and development to the Armed Services) are unaware that in addition to our engineering mission, we manage 12 million acres of lands and waters and are the leading federal provider of recreation opportunities—pumping \$15 billion back into our economy annually.

Organizations are comprised of people, and people are not infallible. Despite careful planning and technical expertise, occasionally things will go wrong. What one group sees as a total success, others may see as a failure. When problems do occur, *those we serve* prefer that we reveal the situation immediately and jointly seek resolution. Finding the right balance and taking a more holistic (watershed) view are other areas where improvement is needed. In some instances, we may be reluctant to release information in order to counter

rumor and misinformation. We appear to think that if we quietly do good work, someone will notice and tell our story for us. Yet, it is difficult to tell someone's story if you have not heard it. What people "see" may be interpreted in different ways, or is a partial story. Accountability, responsibility and respect at all levels of the Corps organization are required to excel with both customers and employees.

"The Corps has always been here, why should we change now?" is a sentiment of concern to many. We do not live in a static world and we cannot rest upon the laurels of our past achievements. Our Nation has undergone periods of extensive expansion and industrial development in order to improve our quality of life. Today, the essence of work is knowledge and service customized to what solution helps the customer succeed. We are more concerned about the environment and many desire sustainable development. Policies and regulations developed in the past may not address the changing needs of today. To be relevant, we must communicate and show that we are making necessary changes and would like to work in unison with partners versus in isolation.

Some respondents said no two Corps offices do things alike. Instead, a sense of competition may exist between offices versus corporately sharing lessons learned from successes and mistakes. It is particularly challenging for those who find themselves in the position of having to work with more than one Corps office in a state, or having to work with offices at the local, regional and national level in order to solve a single problem.

It takes courage to ask others where you can improve, more courage to listen to their candid replies, and still greater courage to act upon their suggestions. There is an amazing level of agreement among those we serve and those who serve about desired changes in the Corps. Our challenge is to find mutually satisfying solutions.

IDEAL FUTURE CORPORATE DESIGN

Most corporate redesign efforts start with “moving boxes around on an organization chart,” a temporary fix at best. Such designs begin with the faulty premise that a change in structure will cure whatever is ailing the organization. Usually the stir of such activity creates an artificial suggestion of change with no real lasting benefit. The study team realized early in its research that in order to move beyond such temporary and questionable approaches to organizational change, a more holistic approach was necessary. With this in mind, we created the “Ideal Future Corporate Design” using a systems approach to help us better understand the relationships, interaction and synergies of the elements of USACE.

The 7S Model (developed and published McKinsey consultants, Tom Peters and Robert Waterman during the early 1980s) is an organizational tool based on the premise that an organization is not just structure, but consists of seven elements: Structure, Strategy and Systems (the so-called hard Ss) and Shared Values, Skills, Style and Staff (the soft Ss). The USACE Learning Advisory Board modified the 7Ss (to Structure, Strategy, Systems, Shared Values, Stakeholder Values, Style of Leadership, and Skills) for use by USACEs leaders as a systemic tool to better understand how all elements of an organizations culture interact and the consequences of those interactions. The USACE Learning Organization Doctrine discusses the 7Ss more fully.

While the hard Ss are more tangible and easy to identify--they can be found in corporate strategy statements, plans, organizational charts and other documentation--the four soft Ss perhaps are more ethereal. They are difficult to describe since the capabilities, values and elements of corporate culture are continuously developing and changing. Although the soft Ss are relatively unapparent, they can impact

significantly on the hard Structures, Strategies and Systems of the organization. More importantly--and the point of using this approach--by considering all of the Ss and their interactions, greater understanding of the organization as a "system" is developed. Ideally, this increased understanding of what needs changing, and how to change, will increase the probability of success.

The study team looked at how forces shaping our work in 2003 will likely play out and why the Corps *will have to be significantly different in 2012 from what it is today*. Today's senior leadership of the Corps will be retired or working elsewhere in 2012. The challenge for them is to act today to advance these changes. Instead they will feel strong pressure to react to the crisis de jour, or the project that needs tweaking *irrespective of what the Corps should be developing toward*. Strategic leaders focus on the development today of the ideal future for the whole enterprise. For them, the ideal future design will be a compass. This concise summary is from the perspective of 2012 looking back to today (refer to Appendix C for the full version).

The purpose of the Corps in 2012 is to co-produce with others, solutions for complex systems, nationally and internationally, that require multiple engineering services and oversight. These complex systems include:

- war-fighting preparation and infrastructure life-cycle;
- water resources systems that provide services to the Nation while being environmentally sustainable;
- environmental clean-up and restoration; and
- crisis response;

In 2012, our *solutions* and *systems* focus results from recognizing that effectiveness came from understanding problems in their larger context. Projects can no longer be seen solely in terms of immediate specifications. Projects have to be understood in the complex social, political, and ecological systems of the customers' world. Satisfying the customer can no longer be just delivering the project on time, on specs, and on budget, although this is always necessary.

In 2012, the Corps has learned to form strategic working relationships with customers, engage in dialogue about their long-term needs, and in this way become a trusted, on-going partner, well beyond the immediate project. This shift from individual projects to broad solutions and from fragmented problems to systems thinking is essential to our purpose today in 2012.

If the solid concrete structure of the dam was the symbol of the era of manufacturing, the dynamic system of a sustainable ecological watershed is the symbol of our knowledge and service era in 2012. We learned the importance of the difference between an immobile structure and a dynamic adaptive system.

Back in 2003, Corps leaders adapted to the new mode of knowledge and service work and became an effective organization that is continually learning. It was necessary to change the whole culture, not just structure (roles, responsibilities, and authority). Using the 7S guide to changing culture, all elements of the Corps were aligned with the ideal future design.

STAKEHOLDER VALUES

In those early years the conflicting diversity of our stakeholders and their often competing values made us reactive and fragmented in our responses. We realized some values were generic to all of them. In aligning our way of working with them in terms of those values, we could then better address those values that were specific to each stakeholder.

We understand that our stakeholders value:

- Respect for their authority and purposes
- Responsiveness to their needs and constraints
- Willingness to listen and learn
- Honest and timely communication
- Meaningful involvement
- Integrity of behavior

- Openness

In addition to these generic values above, stakeholders have specific values unique to their social, political, economic, or historical reality. The Corps values are those of the U.S. Army--Loyalty, Duty, Respect, Selfless Service (to the Army and the Nation), Honor, Integrity and Personal Courage. The full ideal future design in Appendix C covers these values for the Executive Branch, Congress, Army, the environmental community, direct-paying customers, Federal and state partners, Native Americans, other stakeholders and employees.

SHARED VALUES

The Corps has learned over the years from 2002-2003 that some of the values shared across the whole corporate enterprise did not align with those of our stakeholders and partners. Case study lessons showed we often created problems when we did not acknowledge this and work toward a shared understanding of the responsibilities of the Corps and those of our stakeholders and partners. Leaders also learned that a major part of their strategic role is to educate the workforce about values, integrating them into all work and projects.

Our shared values as a corporate enterprise in 2012 include:

- Integrity and public trust
- Stewardship
- Public service
- Stakeholder / customer success
- Collaboration / teamwork
- Empowerment
- Organizational learning
- Innovation

STRATEGY

In 2002-2003 the Corps was establishing the Project Management Business Process (PMBP) as the basic way of doing business. Subsequently, this operational strategy was aligned with the growing focus on developing strategic relationships with customers, partners, other stakeholders, and Federal agencies. Our strategy became based on regular interactive dialogue with others about their strategies, needs, and ideas, and ours. As the years progressed, this systematic learning from stakeholders, partners, and customers became the heart of the Corps' strategic development.

STYLE OF LEADERSHIP

In the manufacturing mode, management was the key to organizing work. During those years of a relatively stable economy, the Corps had a monopoly. Change was slow and more predictable. In the period 1980 – 2002, work changed from the manufacturing mode to the knowledge and service mode. This new way of working and creating value for customers is so much a part of the way we think and work today in 2012 that it is hard to remember how this seemed so new then.

Our 2012 style of leadership emphasizes some generic qualities:

- Listening and learning, and then willing to decide
- Being an educator about values and purpose
- Understanding oneself, and interested in continually learning
- Aligning operations with strategy
- Collaborative, building relationships and involvement
- Understanding personal differences in what motivates others
- Caring for people / empathy
- Understanding how to create and sustain dialogue
- Non-punitive accountability to encourage learning
- Innovative

During the transition years to today, the norm was operational leadership. Over that time we came to realize that the

strategic leader has a rare competence that includes:

- Foresight
- Visioning (strategic understanding and action for systemic change, not just writing statements)
- Creating strategic dialogue
- Systems thinking
- Building a motivating culture
- Partnering

SKILLS

As we became focused as an organization on solutions and systems, we realized that the skills of our workforce had to also broaden. Today in 2012 we look specifically for qualities of:

- Motivation to learn
- Interpersonal rapport with others, ability to establish relationships
- Agility, flexibility, and openness in response
- Commitment to shared corporate values
- Employing the diversity of thought and work styles of team members
- Integrating leadership, technical excellence, and business skills
- Tolerance for ambiguity, uncertainty, able to bring focus out of complexity and chaos
- Willing to accept responsibility, empowerment, be self-starters
- Team collaboration in spirit and practice
- Recognize systems thinking and respond to it

SYSTEMS

Today in 2012 we have streamlined and focused our systems, redesigning the bureaucratic systems of the manufacturing era that we have left behind. Our systems are designed to facilitate continuous improvement, not control.

STRUCTURE

During the transition to 2012, we learned that when we designed our ideal future in 2003, structure had to be aligned with the values and strategy of the organization. Structure could not determine purpose or strategy.

For bureaucracies facing change, the default mode of decision-makers is to change structure (offices, reporting lines, titles, etc.). Defining structure seems clean and precise. They hope that new culture, behavior and direction will result. We learned that this is a mistaken assumption.

During 2000-2003, the Corps felt increasing pressure from various quarters to change, and faced increased media scrutiny. The Chief of Engineers was given the mandate by Congress to change the Corps. One major focus was leading the Corps to become a learning organization. We have seen the full development of the knowledge and service mode of work, which requires more collaboration, innovation, learning from others, and partnering. In 2012 the learning organization is the model organization since our success is based on the usefulness of our knowledge and the effectiveness of our service.

In those early years we realized that we could not create the learning culture one initiative, one study, one change at a time. We recognized that we could not expect quick actions to produce long-term and well thought-out change. We understood the need for a systems view of culture and change.

We first had to create a shared understanding of what we meant by strategy, and what our strategy had to be. We realized our role in Headquarters was largely strategic. We also realized that strategic thinking and planning was a line executive responsibility. It could not be delegated to a staff group. They could do papers to help analysis, but they could not do the thinking, planning, and decision-making. We learned that we needed strategic facilitation, more than we needed traditional meeting facilitation. We saw that as leaders we were not as good at being team players as we

needed to be. We learned not to download our own experience, to listen non-defensively, and to create strategic dialogue.

As we saw that Headquarters had to be strategic in its thinking and practice, we realized that not all functions, jobs, and personnel in Headquarters, both in Washington and the Regions, *were* strategic. In 2003, we refocused Headquarters functions on strategic work after the USACE 2012 Study Report of 2003.

We focused selection and development of Headquarters leaders, managers, and staff to do strategic work. We focused metrics on results based on collaboration, learning, and service values. We created gap surveys to tell us both what our employees and our customers value and where they perceive the Corps on those criteria. These metrics from customers, other stakeholders, and partner Federal agencies now allow us to easily learn what needs streamlining and organizational improvement. We regularly use these measures of results for performance evaluation, planning and decision-making.

Looking back from 2012 we see how hard it seemed for many to make the transformation to our complex, adaptive, self-organizing, learning organization. Hindsight has the advantage of being able to document history with facts. Foresight is always harder because it requires understanding trends and forces that are still unfolding. We saw then that to be strategic thinkers required that we plan based on our limited foresight. Trusting each other and employing our foresight let us better prepare for the future. Because of the courage and foresight of leaders willing to learn and change, the Corps in 2012 is a trusted model of innovative Federal service.

RECOMMENDATIONS

While the study team believes a structural change is needed to eliminate redundancies and provide better quality products, a new structure is not the only answer. The transition to Corporate Business Processes and full implementation of the Project Management Business Process promises to make the organization more responsive. However, there is also a need to change our culture to one that respects functional expertise while encouraging teams to operate along other axis—regionally or programmatically. The philosophy, rationale and logic surrounding many of the following recommendations are discussed more fully in Appendix D, Mission Aspects of Structure, and Appendix F, the Preferred Structural Alternative.

Recommendations 1-8 below specifically address those issues within the scope of study. Recommendations 9-16, regarding relevant processes, operations, relationships and responsiveness, were developed during the course of this study but are outside of the scope. They are independent of the first 8, will require additional analysis and evaluation, and can be pursued immediately.

ORGANIZATIONAL CONCEPTS

As we enter the 21st Century, realignment of the Washington and Regional Offices of the U. S. Army Corps of Engineers is required today to more effectively and efficiently accomplish the missions and to be responsive. The organization must become lean, flexible and responsive to quickly adapt to the changing needs of *those we serve*. Some expressed concern that it will be hard to become both lean *and* responsive. The study team believes that it is possible to become lean and responsive by comprehensively examining both structure and business processes to eliminate rework and redundancy within the organization. We can also look to the athlete as an example. Because of the efficient sharpening of his or her

capabilities and assets, the athlete is more focused and can run faster and longer, turn more quickly, lift heavier loads and jump higher than those who sit in the stadium. The recommendations contained in USACE 2012 strive to apply the athlete's attributes to our organization.

RECOMMENDATION 1: Act as "One Corps"

Align and operate as one Corps, with the primary responsibility, authority, tasks and activities at each echelon commensurate with the appropriate role of strategic, operational or tactical. (Washington, Division, and District.)

Over the past years, the Corps has endeavored to change the focus of its structure from each level reviewing the work of the lower level, to one of adding value to the work of the lower level. While each level must continue to perform *some* tasks at all three levels, the primary focus of the work should be with the Washington Headquarters accomplishing strategic activities engaging the leadership of the entire organization, the MSCs accomplishing operational activities and the Districts focusing on tactical activities.

Strategic Focus: Washington Headquarters is responsible for developing and disseminating the comprehensive, national policy level perspective. It is envisioned that this perspective and the resulting policy and guidance will not be developed in a vacuum. The Washington headquarters will facilitate and lead the development of this strategic focus by engaging the leadership throughout the Corps on various topics.

Operational Focus: MSCs are responsible for the development of the linkage between the strategic and tactical and converting the policy guidance developed at the strategic level to project level detail. The concepts put forth in the RBC 2012 Concept Paper more fully define the operational role of the MSCs. Regional work related to projects may be done at the MSC level at the discretion of the Division Commander, but is discouraged as it distracts the MSC from its primary role of integrating the work of the Regional Business Center.

Tactical Focus: Districts and field offices are responsible for executing and delivering the specific project, product or service.

Adopting this recommendation will drive the restructuring of the Headquarters elements of the Corps and the way in which we operate. It will drive the elimination of duplicative functions and reviews and thus allow the focus of critical resources on the defining business of the Corps: accomplishing the mission of providing quality products and services on time and within budget. This recommendation will require a new way of thinking about the functions of the Headquarters -- command and control, national and regional interface, program management and quality assurance. (Each of these is discussed in more detail in the following recommendations and in Appendix D.)

RECOMMENDATION 2: Act as “One Headquarters”

Align HQUSACE and the MSCs echelons so that they are operating seamlessly as one headquarters. Assign functions at each level to add value and eliminate redundancies.

If we are to truly adopt and implement this concept of *acting* as one, then the structure and process of the Corps headquarters function must change. Similar to the recommendation to “Act as One Corps”, this concept will drive the restructuring of the headquarters elements (at both echelons in Washington and the MSCs) of the Corps and the way in which we operate, and will foster elimination of redundancies.

The concept does not mean that Division Commanders give up the responsibility for accomplishment of their regional missions or command over their subordinate districts. Division offices remain as separate echelons with the Division Commander held accountable for his/her region.

This recommendation will require, however, a new way of thinking about the functions of the Headquarters -- command and control, national and regional interface, program management and quality assurance. (Each of these is

discussed in more detail in the following recommendations and in Appendix D.)

For example, in the sense of the transformed Army, the command and control function is primarily for the purpose of future planning. The local commander has the range of motion to bring innovation to the situation in the field. Army transformation focuses on empowered leaders in the field who are closest to changing field conditions armed with near real time tactical information. With this thinking on command and control in the Army, Corps Headquarters Commanders (both in Washington and in the Divisions) can focus on assuring that the District Commanders have the necessary resources and information to accomplish their missions, removing roadblocks to their work, and facilitating success. Resources do not need to be necessarily assigned to the District or Division Commander but can reside elsewhere and be dedicated to the District for accomplishment of the mission, much the way business has adopted the strategy of outsourcing to acquire needed expertise on a periodic basis

RECOMMENDATION 3: Headquarters Focus

Focus the Headquarters Office in Washington, D.C. primarily on strategic learning and direction, national relationships, national policy, and creating conditions for success of the entire organization.

Because of the nature of the strategic relationships in Washington, there often is a need to address project specific issues. However, this involvement should be limited and coordinated within the vertical team. The major focus of the Washington Headquarters should be ED&M functions.

The discussions in “*Organizational Review of the Missions, Roles and Responsibilities of MSC’s and HQ USACE, 10 October 2002*” still apply:

1. The SECARMY approved HQUSACE functions of Command and Control, Program Management, National Interface and development of Policy and Guidance are still relevant and appropriate functions at this level.

2. HQUSACE is a functional organization and is not aligned to support our core business process (PMBP) or to become a learning organization. There is no cross-organizational integrating function below the Chief of Staff and few incentives or operating principles to encourage collaboration across organizational or functional boundaries. The current hierarchical structure does not meet today's needs.
3. We do not follow corporate business process (ER 5-1-11) doctrine at all levels of the organization. The basic work unit of a district is a team (PDT); some elements within MSC and USACE headquarters are also beginning to form into teams. We need less emphasis on individual functions in HQUSACE and more emphasis on teams but must stop short of building a PMBP bureaucracy.
4. We should not treat USACE as a closed system. HQ USACE should not organize solely to satisfy internal, functional considerations – this is what a bureaucracy does. We need to look at how HQ USACE interacts with Congress, the Administration and national stakeholders. Our future depends on how well we serve the American people.
5. HQUSACE must be strategic in its operations and in developing relationships at the national level with elected and appointed officials, other agencies and stakeholders. The HQUSACE must be open, accessible, direct and honest.

The Corps takes direction from its overseers in the Pentagon, the Executive Branch and Congress. However, there still remains a responsibility to ensure that strategically the organization is capable of accomplishing its current day mission as well as those missions that are on the horizon. The responsibility for strategic thinking lies with all Corps senior leaders at all levels, but strategic planning and direction is facilitated and accomplished at the Washington level of the organization. Likewise, relationships on the national level are primarily a responsibility of those in the Washington level of the Corps but are bolstered by those in the region who have interactions on the national level. Because national

relationships are often based on what is done at the local level, it is necessary for the Washington Headquarters to sometimes be involved in project specific questions. This involvement needs to be coordinated with the regional and local levels so that the most up-to-date information is available and provided. These instances are more the exception than the rule, but are critical when they happen.

There should be no misunderstanding that the intent behind this recommendation is to focus the *primary* activity of the Headquarters. The concept that Districts do tactical, Divisions do operational, and HQ strategic is fine in theory, but the realities of the situation must be considered. Activities in Washington D.C. can be very tactically focused, and when they are it is a critical that coordination be maintained with the vertical team. Likewise, Divisions and Districts also operate in all three realms. Nevertheless, the focus of the Headquarters in Washington and the MSC should be on Executive Direction and Management functions.

Similar to the strategic planning function of the Corps, and to provide consistency, policy development is facilitated and accomplished at the Washington level of the organization but entails the work of the best technical experts from across the organization.

The focus of command and control will be enabling the accomplishment of the mission by obtaining and assuring the availability of resources. In times of national emergency, this is done real time though the running of the emergency operations center at the Washington level.

The Washington Headquarters is making some inroads on implementing the project management business process, but the use of teams to co-produce the Headquarters essential product, information, is still relatively new. By operating as one headquarters and in more teams, the process should become more deeply embedded. Structural changes to foster this integration are encouraged.

RECOMMENDATION 4: Division Office Focus

Focus the Division Offices on creating conditions for success that enable the achievement of missions within the Regional Business Center through the accomplishment of Command and Control, Regional Interface, Program Management and Quality Assurance.

The Project Management Plan (PMP) for USACE 2012 in Appendix A. identified the missions detailed in the Witherspoon report as part of the guiding facts and assumptions and also sought to move the Division Offices to focus on the Regional Business Center. Including the Witherspoon missions for the MSC is consistent with the “Act as One Headquarters” strategy and the RBC concept as outlined, however, some clarification is needed on the mission of quality assurance.

Discussion from “*Organizational Review of the Missions, Roles and Responsibilities of MSC’s and HQ USACE, 10 October 2002*” on the missions outlined in Witherspoon still holds true:

The primary role of the MSC HQ is to extend the HQ span of control, operate the regional business center and to interface with regional stakeholders. From the Witherspoon report, “*the value added by division offices is high. Divisions perform critical QA, PM, RI and C2 functions. Quality assurance is critical and most effectively performed at the division. Critical QA functions are necessary to provide the technical base needed to support PM, RI and C2 functions.*”

Command and Control.

Divisions have evolved into mini-headquarters with the same functional elements that exist in HQ USACE. A full suite of functional elements is not necessary and may actually divert leadership attention hindering the efficient and effective conduct of higher priority, MSC functions.

Definition of Command and Control (Witherspoon Report): “*The processes by which the division commander guides the division staff and the districts within the region to assure that missions are*

accomplished. Command direction and guidance would be another way to describe the role. Command and control includes such things as establishment by the commander of priorities for emphasis both for subordinate commanders and MSC staff. It includes command direction given formally through performance evaluation objectives and regulations, and informally as in verbal instructions during emergencies. The exercise of incentive options such as monetary awards and flextime, and on the other hand, disciplinary actions, are all command and control issues. Other examples are strategic planning and shifting of resources during emergency operations. Many, if not most command and control actions are directed or implemented by the division directors or separate office chiefs acting on behalf of the commander after appropriate staff coordination. Sensitive or non-delegatable actions are reserved for personal direction of the commander after appropriate staff input.”

Regional Interface.

This is a value-added function that should remain located within the region. If the MSC commander and staff were relieved of the internal bureaucratic processes that consume much of their time and are redundant with HQUSACE responsibilities, the MSC staff would have more time and resources to focus on the vital regional interface function.

Definition of Regional Interface (Witherspoon Report): “Involves upward coordination of technical, policy and budgetary issues which cross district boundaries as well as interface with a large number of other Federal and state agencies, congressional leaders, region interest groups and international commissions. For example, division offices interact on a fairly regular basis with the regional and national offices of EPA, USDA, DOE, DOI, USFWS, GSA, USGS, NOAA, FEMA, USCG and others on a wide variety of inter-agency issues. A few examples include: coordination with DOE on power scheduling

and other activities related to Corps hydropower projects; coordination and mediation of regional and national environmental issue involving Corps projects, such as the endangered species issues in the northwest; and management and coordination of the Corps' response to regional and national emergencies such as the California earthquake and the 1993 flood on the upper Mississippi River. MSC involvement with state and regional interest groups on water resource issues is equally important and diverse. Examples include: the Lower Mississippi Valley Division's unique involvement with the Mississippi River Commission in managing water resource problems and needs throughout the lower Mississippi Valley; and, the North Central Division's role in coordinating the United States interests in the Great Lakes with the Canadian government through their participation on the International Joint Commission."

Program Management.

This is a value added regional function that should remain. The MSC's know the programs of their districts and are able to assimilate and prioritize competing needs among available resources. District or Regional Support Teams have potential to add value to facilitate and enable district execution. Teams are a way of making all functional elements part of the mainstream business process. This function could not be easily or effectively performed at the Headquarters level.

Definition of Program Management (Witherspoon Report): "Oversight actions involved in the management, coordination and analysis of the various Division-wide programs. This category applies to all activities related to the management and oversight of the various Corps programs by each functional area within an MSC, and is not limited to only the program responsibilities of the Program Management Directorate. A more descriptive term may be "Management of Programs." Major functions include

programming, scheduling and budgeting, allocation of resources, monitoring and evaluating program execution, implementing corrective actions, and upward reporting. All of the MSC organizational elements perform some or all of these functions in managing their assigned programs. These programs may fall within any of the major Corps mission areas of Civil Works, Military programs, HTRW, and Support for Others, as well as the operating support for these missions. Examples, of these programs and the responsible element include: management of the overall Civil Works Program budget (PMD); GI program (PD); O&M program (CONOPS); Dam Safety Program (ED); Real Property Management Program (RE); Safety and Occupational Health Program (SO); Complaint Processing Program (EEO); Life Cycle Management of Information Systems (IM); Personal Property Program (LM); Internal Control Program (RM); and many others.”

Quality Assurance.

To maintain the public trust, Corps reports, work products and projects must meet the highest possible standards. With our credibility unquestioned, our value and ability to serve the nation can be fully realized. Despite the importance, implementation of quality management within MSC's has been inconsistent. The roles of the MSC are often misunderstood and are the one area in the Witherspoon report that needs changing. Quality Assurance has been the source of much frustration with the elimination of Technical Review in the Divisions.

Definition of Quality Assurance (Witherspoon Report): “Oversight of those processes, procedures, and activities necessary to ensure that quality products and services are delivered in a timely, reliable, and cost effective manner. The task force viewed the QA role from a very broad perspective that encompasses all functional elements and disciplines within an MSC as each carries out their general overview responsibilities in their respective field of expertise.

*QA involves the evaluation of a district's capability to produce quality products and services on continuing basis, and requires early and continuous involvement in such things as oversight of quality control plans, technical assistance, mentoring, resolution of technical and policy issues, review procedures, oversight of design processes, etc. In general, it encompasses those activities that increase the probability of providing quality products for our internal and external customers on both a product specific and systematic basis. **Technical assistance to the districts was viewed as a sub-set of the QA role, and may be required in certain unique situations or for complex projects where highly specialized expertise or guidance may be required to resolve technical issues.***

There has been some confusion regarding the mission of quality assurance as the Corps interprets the **bolded** sentence above in the Witherspoon report as this has left the door open for the division offices to continue to be engaged in some technical review.

The Quality Assurance definition should be revised to eliminate the sentence above that will allow the Division staff to focus on the following specific roles:

- Ensuring that Districts have the necessary processes in place to ensure high quality projects (Quality Management Program).
- Ensuring quality metrics are in place and regular feedback is provided to the Division Commander regarding project quality. Metrics to gauge the success of the District's quality management program by first hand interaction with customers. This can be done by discussion, and supplemented by gap surveys, to assess their satisfaction with completed construction projects, the quality of the completed projects, and the performance of completed projects in accordance with their intended purpose.

- Ensuring Project management Plans (PMPs) contain Quality Management Plans (QMPs).
- Making high quality technical expertise available within the region.
- Assisting with the creation of "lessons learned." Information should be shared across the region to District technical staffs, and, entered into the Learning Network web-based system (under construction 2003 for learning).
- Ensuring technical skills of PDT members and ITR team members are appropriate for the project being accomplished.
- Ensuring Independent Technical Review (ITR) processes are in place and ITRs are truly independent.

Elsewhere in these recommendations, we discuss the most effective distribution of our technical expertise with a small cadre in Headquarters and the bulk of the expertise in the districts. The Division needs to be a Program Manager and integrator of capability and a repository for where capability exists. It is not necessary that the technical capability reside in a Division, although Division Program Managers should have a certain degree of technical expertise, grounded in practical experience, in order to perform their Program Manager function.

As noted in the "Act as One Headquarters" organization strategy, Division Commanders continue to "own" all the assets in the region and lead execution through the allocation of those resources. Freed from managing the various minute non-core functions of the organization, the Regional Commander can now focus on operating regionally and programmatically. With the concept that the Regional Business Center is not just the Division Office but all the Districts that make up the region, the Division Commander can obtain support from Districts or from the Washington Headquarters. The Division Commander is responsible for the collective success of the region -- the quality and

effectiveness with which projects are delivered to help customers and partners to succeed and the ability of the Districts to accomplish the mission, not just the expenditure of money. The Division Commander is the facilitator and integrator of all assets within the region. They are also the linchpins that hold the regions together. They provide interface to the many regional agencies and stakeholders to facilitate the design of solutions to complex systems problems and can take advantage of greater efficiencies to design regional approaches. With an eye to what is going on across the region and the Corps, the Division Headquarters can ensure that technical expertise is available to the Districts.

Missions of the Regional Business Center, as defined in the draft RBC Concept paper include: regional business management; strategic communications and regional relationship management; regional strategic planning and initiative leadership; regional business center process support. The missions of the RBC are consistent with and fall under the Witherspoon definitions of Command and Control, Program Management, Regional Interface and Quality Assurance.

Regarding the major focus of Divisions being on Executive Direction and Management functions, MSC activities related to specific projects must be project funded and should be the exception, not the rule. Such activities should be discouraged as they are a distraction both from the supervision functions encompassed by ED&M and the conduct of MSC regional business.

ER 11-2-290 defines ED&M functions as the technical, administrative and staff supervision functions assigned to a level of the organization whose missions are to establish policy, develop guidelines, review performance, and otherwise manage the direction of work accomplished by subordinate organizations in USACE. With respect to a Division office, the ED&M activities relate to the following functions:

1. Policy Coordination and Implementation
2. Program Management, Review and Oversight
3. Quality Assurance

4. Assistance Visits and Inspections
5. Representation at Meetings, Conferences and Workshops
6. General Administration of the Division Office

Functions such as technical review and technical assistance are not considered ED&M activities due to their nexus to specific projects; such activities must be project funded. The MSC may use its discretion in consolidating ED&M functions. It may not, however, perform technical, project related functions under the guise of ED&M.

RECOMMENDATION 5: Regional Business Center

*Adopt the Regional Business Center as the Corps primary operating unit. Move toward the RBC objective state definition as stated in the RBC 2012 Concept Paper, March 24, 2003, using the **Project Management Business Process** and the **Project Delivery Team** (including the customer or project sponsor) to deliver quality products and services.*

The Regional Business Center (RBC) is defined as a regional operating model that most efficiently (doing things right) and effectively (doing the right things) meets customer needs by leveraging total resources of the region--and the Corps--when needed. LTG Flowers has stated his intent—"transition to the RBC as our primary operating unit." The RBC Concept Paper of March 24, 2003, developed through the use of a PDT, serves as a tool to help achieve that goal.

As Army Corps of Engineers geographical district headquarters developed across the United States in the early 19th Century, their organization and processes reflected the era of great distances, limited communication and transportation connections. They were, by today's standards, quite isolated and local commanders needed a full suite of expertise to execute their mission.

Today we can no longer afford, nor are we required, to operate in this highly decentralized and independent way. The Corps can now take advantage of the regions to provide greater value. Today's immediate communications and virtual capability provide unprecedented opportunities to gain

greater efficiencies. In the 21st century, the primary mission of the Regional Offices is to integrate the work of the Regional Business Center.

We can no longer afford forty-one full service Districts that look the same and possess the similar levels of technical capability. The workload assigned to many of the Districts simply will not support “full service” capability. Coupled with the political mandate to not close any District offices it is apparent that a new way of doing business is needed as the Corps enters the 21st Century.

The Regional Business Center is characterized by utilization of the Project Management Business Process as the basic business process. Districts share experiences and build trust through collaborative relationships. Workload is shared, so the best talent is devoted to an issue. It is not so important who is assigned the work by virtue of an assigned mission or geographical location, as it is that the best talent in the Corps of Engineers is brought to bear to accomplish the mission. Delivery of high quality products and projects on time and within budget to a delighted partner and/or customer is of paramount importance. Relationships are fundamentally important. Our cost sharing sponsors and customers benefit from this new way of doing business because it provides access to a broader range of high quality talent, resulting in better quality products and services delivered more consistently.

Corps employees also benefit. By leveraging resources to meet fluctuating peaks and valleys in workload, employees enjoy more stability. They have the opportunity to work on a broader variety of work assignments, providing more challenging opportunities. Jobs are no longer location specific. Collaboration and cooperation increase individual skills and expertise, enhancing technical capability. Training, development and learning opportunities are significantly enhanced. By becoming part of the larger team, individuals benefit from the experiences of counterparts located elsewhere in the region. Professional growth opportunities are enhanced, as is job satisfaction.

Finally, to USACE itself, a regional approach lowers the overall cost of doing business and provides the opportunity for the Corps to better serve the nation through our partners and customers. Leveraging resources to accomplish a regional mission facilitates the learning process across regions providing for a better Corps of Engineers. Technical capability centers, concentrated in a few Districts, enhance technical collaboration throughout USACE. Improved technology transfer leads to state-of-the-art expertise guaranteeing high quality projects and customer satisfaction. Forward deployed project managers bring the technology to bear.

The arguments for a regional approach to mission execution are compelling, but barriers to implement stand in the way. Today, while there are some examples of collaboration, districts still tend to compete against each other. Some performance measures are by division, but success is still measured in large part by the districts or even individual accomplishment.

Senior leaders must become rabid advocates for this vision of the future. They must communicate the benefits of operating as a Regional Business Center, and look for opportunities to employ a regional approach. Immediate changes to the manner in which we measure success and gauge success for employees in the District will facilitate the cultural change needed to adopt this new way of doing business. Financial systems need to be modified to encourage seamless transfer of resources within the business center. Regional leadership development initiatives, regional technical experts and regional points of contact for key customers all enhance the Regional Business Center concept. Collaboration and cooperation must be rewarded before individual achievement.

In order to fully implement the Regional Business Center concept, it is also necessary that the processes and organization structure that result from this effort be thoroughly grounded in the principles of PMBP. They must also be part of, supplement and/or complement our Common Business Practices and facilitate the execution of those processes using the tools of P2 to deliver products and

services to customers by means of a Project Delivery Team operating at the district level.

The Corps has endeavored to implement project management since 1988. Most recently we have made strides but there continues to be a significant effort needed.

Mapping of the vertical and horizontal processes is still underway and in some ways impedes progress on organizational structure. The Regional Business Center begins to describe this essential horizontal synchronization/integration process at division level, but is somewhat hampered with 8 differing versions of the process.

Since the late 1980's we have been through numerous home-grown AIS. With P2, we have initiated the acquisition of off-the-shelf automation tools that truly support our changed doctrine and defined processes. P2 allows the automated support of the PDT process at district level and the vertical process. It also provides a framework and a communications channel, but the lack of defined MSC and HQ processes, and the connecting vertical process, is the main source of the frustration we can all see.

The Project Management Business Process has Project Delivery Teams as the driver to get the work done. A major tenet is to have the cost sharing sponsor or customer on the team. However, some comments reflected that the Corps has many barriers to the full participation of those outside the Corps. In one example, the cost-sharing sponsor was not allowed to participate in the selection of a contractor that was to be paid with Federal and local sponsor funds. Recommend that we immediately identify and eliminate the barriers to the full participation of our sponsors and partners and other agencies.

RECOMMENDATION 6: Integration Teams

Synchronize business processes through the use of small teams at the Washington and Regional Headquarters to horizontally and vertically integrate all actions.

Establish Integration Teams (INTs) at HQUSACE, one for each MSC and one for USACE Centers including the Huntsville Engineering Center, TransAtlantic Center, and Engineering Research and Development Center. At MSCs, establish matrixed Regional Support Teams or District Support Teams (RST or DST). The purpose of these teams is to horizontally and vertically integrate actions at each USACE Headquarters echelon. The INTs are mandatory at USACE. Either RSTs or DSTs will be part of the MSC structure, and can be tailored in size and composition at the MSC Commander's discretion.

HQUSACE, Washington level: The INTs will bring together Program Management functions for all major mission areas to capitalize on the similarity in the Program Management Business Processes (PMBP) and to foster synergy, flexibility, and adaptability among team members and between teams. Each INT will focus on the execution of programs for major Corps mission areas including Civil Works, Military Construction, Installation Support, Environmental, and Interagency and International Programs. Each INT will be comprised of subject matter experts to support the work within the specific Division and augmented by technical experts. Each INT will:

- integrate all product lines for the MSCs region into one team thereby providing organizational flexibility and adaptability.
- integrate mission areas including resources and program requirements.
- serve as the vertical and horizontal integrator for all MSC programs teams to develop priorities and resolve project-specific and/or regional program issues.
- serve as advocates for processing those few reviews that than cannot be delegated out from the Headquarters. The Office of Water Policy Review will review pre-authorization planning documents.
- concentrate on national program and project issues.
- establish and maintain relationships at the national level.
- develop collaborative partnerships with the U.S. Congress, Departments of Army and Air Force, Department of Defense, and other Federal agencies.

- be flexible and adaptable in meeting the needs of the Nation during peace and during war.

At the core of the INT concept is the Program Management Business Process (PMBP) and the associated automated information system referred to as P2. The full implementation of the PMBP and P2 will allow the INTs to vertically and horizontally integrate the national and regional teams to work together as one team. They will negate the requirement for pass-through of data, information, fact sheets, directives, policy and guidance, etc. Enhancement of Programs Management will occur as functions and processes are transportable between mission areas. The INTs foster the Learning Organization concepts applying lessons learned between and among mission areas, cross-leveling resources to meet priority requirements, and assisting in the development of strategic goals and objectives for the Corps.

The Integration Teams will be comprised of a small number of permanently assigned members as well as matrixed members. Teams will be Headquarters assets, managed by a senior program manager, who will report to either the Director of Civil Works or Military Programs with one serving as the Senior Rater and with the opposite serving as the Rater. Resourcing of these teams will be determined during the functional area assessment process.

Regional Support Teams (MSC Level)

The RST will be self-managing, matrixed teams consisting of representatives from appropriate organizational elements to support the development, execution, and continued operations and maintenance of mission programs. The teams will meet on a regular basis and work vertically as well as horizontally to ensure program success. The RST actions will improve the structure, process, and culture within the Regional Business Center (RBC), helping to more effectively and efficiently develop a regional cultural with corporate focus. Participation in the RST will compliment and assist team members in performing their formally assigned responsibilities. Developing regionally focused teams will improve communications both within the MSC office and Districts, HQUSACE, and the customer. Examples of RST's include CW Project Planning, CW Project Implementation, CW Operations, Military Project Implementation, HTRW

Project Planning and Implementation, Homeland Security, etc. As an example of how these teams would function, the Civil Works teams are described in the following paragraphs.

- *Project Planning Team.* This team will be led by the Planning and Policy Division and include members from Civil Works Programs Management Division, Operations Division, Military and Quality Directorate, Counsel, and others as appropriate.
- *Project Implementation Team.* This team will be led by the Civil Works Programs Management Division and include members from Planning and Policy Division, Operations Division, Military and Quality Directorate, Counsel, and others as appropriate.
- *Project Operations Team.* This team will be led by the Operations Division and include members from Civil Works Programs Management Division, Planning and Policy Division, Military and Quality Directorate, Counsel, and others as appropriate.

Each team will conduct informal meetings on a regularly scheduled basis (or as needed and called by any team member) to address significant, complex and/or controversial issues associated with project and/or program execution. Members serving on the RST will continue to support their offices of assignment by executing their assigned responsibilities. The regional Civil Works issues the teams will address include, but not are not limited to, the following:

- Fostering the full integration of the PMBP throughout the RBC and assuring that all work is managed by a Management Plan.
- Supporting the RBC on technical, policy, national/regional interface, and professional expertise matters.
- Assuring the MSC is a learning organization to include developing and sharing lessons learned.

- Conducting quality assurance discussions and evaluations and developing processes to improve the delivery of products.
- Supporting the MSC Quality Management Program and participating in Quality Assistance Visits.
- Identifying and early involvement in upcoming General Investigations, Construction General, and Operations & Maintenance project milestones assuring that customer commitments are met and quality objectives are attained.
- Involving appropriate team members early and continuously during life cycle project management to address significant District and/or programmatic issues, assure that policy issues are identified and resolved, resource requirements and constraints are acknowledged, and ongoing activities to assure vertical and horizontal communications and situational awareness are considered.
- Developing recommendations for MSC actions to resolve issues, assist Districts, and meet regional priorities.
- Assuring seamless integration and interface of all horizontal and vertical team members including the OASA(CW).

District Support Teams (MSC Level)

Another option for the MSC level is to use District Support Teams (DSTs). This concept is very similar to the RST concept except that matrixed teams are aligned with Districts instead of with programs. As with the RST concept, the DST concept represents a dramatic change in the Corps' culture. The current concept in some regions empowers team members to act on behalf of their functional organizations and the Commander. The designated DST "team leader" does not approve actions for the team nor does the organizational supervisor. The team members are delegated the authority to sign "FOR THE COMMANDER" for all actions within their functional responsibilities except those otherwise specified by statute or regulation or actions that the DST determines to be highly controversial or politically sensitive. This concept supports the "Do It" philosophy, gives team members individual ownership for their actions, and increases the

responsibility of Division staff members. An added benefit, as with RSTs, is that management's time (SES and Division Chiefs) is freed to work on other complex and strategic issues. First-line supervisors become true "resource managers" as envisioned in the PMBP and specified in ER 5-1-11. Most issues are no longer raised through the traditional "stovepipe" organization but resolved by the DST.

The number, formation and resourcing of DSTs would be dependent upon the assigned MSC mission and left to the discretion of the MSC Commander.

The primary role of DSTs would be to help the Districts to the maximum extent possible in the development and execution of projects and in meeting customers' expectations. There are a number of ways in which the DSTs could enable improved MSC support:

- Participating in product development. Each member of the team will know and appreciate the District's idiosyncrasies and uniqueness of programs, participate in team building, and improve customer support. They will assist in finding creative solutions and exploring and analyzing new ideas and risk taking. The DSTs will become active partners with the Districts.
- Being engaged in problem solving; providing consulting services; acting as a sounding board; and providing guidance, tools, and training.
- Assuring quality management, full implementation of the PMBP, and managing the quality of District products through quality assurance activities.
- Serving as advocates for Districts and champions for District products, facilitating communication to expedite the process, both pushing HQUSACE and pulling the Districts.
- Facilitating product development through early issue identification and the synergistic resolution of issues and conflicts.
- Being empowered to take appropriate action (within defined limits) on all normal PMBP functions.

- Providing information to keep Division management informed through the functional chain and provide liaison between the District and Division Program Review Boards.
- Assuring enhanced communications recognizing the importance of and commitment to a greater level of communication (horizontal and vertical).
- Providing leadership. The “Do It” philosophy will be reflected through delegation of authority providing individual empowerment to team members.

RECOMMENDATION 7: Business Process and Functional Area Assessments

Consider structure, function and process comprehensively. Immediately begin to analyze the Corps’ organizational structure and business processes. Define “objective organization” by 1 October 2003.

Scope and Timing of Analysis. Many initiatives and operational activities are currently ongoing. USACE 2012 is one of many significant change initiatives currently underway affecting the Corps. Other significant initiatives and events impacting this study include:

- Competitive Sourcing (FAIR Act)
- Third Wave Initiative
- Transformation of Installation Management
- Civil Works Planning Centers of Excellence
- RBC 2012 Study
- PMBP and P2 implementation.
- Department of Army Human Resource consolidation

In an ideal world it would be desirable to stop everything else that is changing around us and integrate all change initiatives into one holistic plan. Unfortunately, this is not the world we live in today. The amount and rate of change is increasing. Change is occurring regardless of whether or not it is planned. Our challenge is to develop strategies to shape and adapt to the change in a planned fashion rather than reacting as it occurs.

Examples of unguided change are everywhere. There are currently insufficient resources to sustain the existing organizational structure. As a consequence, restructuring is occurring randomly, through attrition, with no objective organization or direction. Ironically, many needed positions are going unfilled, many unneeded positions remain filled. Inefficiencies in structure and business process are consuming the few available remaining resources. Rather than collaboration to improve efficiency and effectiveness, there is increased competition for the remaining discretionary funds.

While there is some merit in integrating USACE 2012 with other ongoing initiatives, we believe that any attempt to do so would add significantly to the cost and scope of USACE 2012. Further, we believe this holistic approach would never be completed since new changes would occur in the interim and resources would become even more scarce than today. The approach this team is recommending is to remain situationally aware and to **consider** other ongoing initiatives in this process but not to **fully integrate** them for the reasons stated above.

The team would also like to recognize the fact that more resources will eventually be necessary to sustain any organizational structure, even the existing one, due primarily to the erosion in buying power of money resulting from inflation. That said, we feel an obligation and duty to define the most efficient and effective organization before requesting additional resources.

Process or Structure First? The 2012 Team used the 7-S model for our change-process framework. As stated previously, structure is only one element that needs to be considered in the design of a complex system such as an organization. We analyzed stakeholder values, shared values, strategy, style of leadership (culture), skills, and systems (processes) before addressing structure. We approached this in a sequential process, but it is clear that there are externally driven practicalities that must be taken into account in the synthesis of business process and structural design. All of the factors must eventually be considered as part of an iterative process.

The two most critical variables being addressed in this study are structure and systems (business processes). There is considerable debate regarding the proper approach. Specifically, which element should be addressed first. There is general agreement around the architectural principle of: “Form (structure) follows function (process).” But in reality the analysis becomes more complicated. The dilemma is, if structure is addressed first it must assume and adapt to existing business processes. If process is addressed first, then the existing structure must be used, or a structure must be assumed, to build the process around. Neither one of these approaches is ideal as each variable is designed using assumptions regarding the other variable.

The general approach proposed in this report is iterative, whereby organizing principles are defined, a framework structure is proposed, vetted and refined before the functional assessment and business processes are addressed. The functional assessment and analyses of business processes assist in identifying additional detail that is added to the structure, along with the resource requirements. Details of this iterative process are outlined in the chapter on Implementation and Communication.

RECOMMENDATION 8: Preferred Structural Alternative

Align elements of the Washington and Division Offices to implement the first 7 recommendations. A revised Preferred Structural Alternative is included in this report.

The revised proposed structural alternative is contained within the Preferred Structural Alternative section of the main report. Additional details are included in Appendix F, Alternative 8.

EFFECTIVENESS OF CORPS PROCESSES AND OPERATIONS

Effective Corps processes and operations require a change in focus at various offices and in the manner in which services are provided.

RECOMMENDATION 9: One Policy/One Review

Operate under one set of Corps-wide policies. Review compliance and consistency with those policies at only one level.

Assign policy development to only one level and policy review to only one level within the Corps. Generally, policy development should be performed and facilitated at the HQ Washington DC level (See Recommendation 3 Headquarters Focus). Policy review should be performed at the lowest possible level, although retained at the HQ Washington DC level for those policy areas where national consistency is most critical.

As a large public service agency, the Corps of Engineers must operate under one set of agency-wide policies to ensure efficiency, effectiveness, and equity in how we deliver our products and services to the nation. Consequently, development of policies that govern how we conduct our business should be accomplished at only one level and one location. Although formulation of policies for the Corps should involve input from all levels of the organization, ultimately, final establishment of policies must rest with the national HQ in Washington, DC.

In the area of policy review, particularly in the Civil works program, partners and stakeholders have expressed considerable frustration over what they perceive to be duplicative, sequential reviews of products and issues for policy consistency. They complain that reviews from one level to the next often yield conflicting opinions and wonder why we could not have saved time and effort by simply going directly to the level within the Corps that had the ultimate authority in the first place. Their arguments are persuasive.

Multiple, sequential policy reviews should be eliminated for all areas—civil works, military, environmental, and support for others programs; and all functional areas, technical and support. Review should be assigned to only one level. Cost of doing business should be reduced as a result. Each area should be evaluated to determine the appropriate level to which review should be assigned and use of the vertical team should also be considered.

Generally, review and approval should be delegated to the lowest possible level in the organization for the greatest streamlining benefit. It is recognized, however, that review and approval in some policy areas must be centralized and performed in Washington, DC HQ. For those areas, review should be confined to the national HQ office and not be duplicated at the MSC's. Such areas include decision documents for major investments, like feasibility reports or major rehabilitation reports, for civil works projects or other areas where ASA (CW) or OMB play a direct role. They should also include areas where strict adherence to national consistency standards is especially sensitive or critical.

RECOMMENDATION 10: Empowerment.

Empower Commanders to perform the mission of the organization by delegating authorities to the lowest level.

Authorities delegated to USACE in support of the various missions and functions of the organization should be delegated to the lowest organizational level allowable to empower and enable Commanders to ensure mission accomplishment. Identify statutory and regulatory constraints that impact organizational efficiency and pursue legislative or regulatory relief to allow delegation to the most effective level of the organization.

Powering down to the lowest feasible and allowable level of the organization will enable Commanders to more efficiently and effectively meet customer needs, eliminate overlap of responsibility and duplication of tasks as an action or issue moves up the chain of command, and assign the authority and accountability where the work is being performed. There

may be exceptions to this principle, but they should be few and have compelling command or MSC-wide implications that make a strong case for retaining the authority at the MACOM or MSC level.

RECOMMENDATION 11: Align Expertise With Work

Locate technical engineering and construction expertise close to the work.

Retain a small cadre of world-class experts in core mission areas at the Washington level to assure that Corps expertise is state of the practice and to foster wise policy development. Concentrate technical capability at the working level of the organization where it is constantly used and will be continuously honed. Implement the Corps' Strategic Human Capital Plan in support of the President's Management Agenda. These actions will allow the Corps to recruit and retain the world-class technical capability necessary for the 21st century.

The Corps cannot sustain technical and functional organizations at all levels (engineering, planning, and so forth) because, without practice, experts lose their edge and become irrelevant. Individuals must continue to sharpen their skills by working and enriching their experience. This is part of the reason technical experts at Regional Offices are of limited technical value.

Technical capability is best maintained where it is constantly used and honed; therefore, the bulk of the Corps technical experts will be at the working level. Technical experts in the region can be leveraged to solve the more complex technical questions. Centers of expertise are available for some issues. While it is envisioned that the Functional Area Assessment recommended under Recommendation 7 will assist in identifying the needs at the various echelons of the Corps, the study team offers the thoughts below on the distribution of our technical expertise. The FAA will help to further define actual numbers, but should also consider the virtual ability of today's workplace, the need to have the best technical solutions and the imperative to keep costs down.

HQUSACE and the MSCs should maintain a small cadre of technical experts with the greatest preponderance of experts located in District offices providing in-house and regional support. To assure quality engineering products, each MSC should identify regional technical specialist positions located at the district offices but available for region wide assistance on technical issues.

Before 1995, high-grade MSC and HQUSACE technical engineering and construction (TE&C) Specialists reviewed District engineering products. They ensured assumptions were correct, proper criteria and codes were used, and results were sound and accurate. In 1995, Districts were delegated authority for Quality Control (QC) and for the Independent Technical Review (ITR) of engineering products.

HQUSACE – A cadre of TE&C Specialists is required at HQUSACE to facilitate the development technical policy, integrate new technologies with the existing technology base, and manage the technical aspects of the military and civil infrastructure and water resources missions. These specialists will continue to direct the technical aspects of engineering, construction management, environmental protection and restoration, operations, maintenance, and repair activities of USACE missions worldwide. They will continue to serve as the primary corporate leaders in the areas of science, engineering, technology and environmental protection, and continue responsibility for implementing the technical aspects of the corporate strategic plan and the Quality Assurance (QA) program. They also serve a critical role of national strategic relationships with others in the professional field.

Headquarters staff will change from a large array of technical disciplines to a cadre of technical professionals able to engage at the national level in USACE's primary disciplines. These individuals will also need to possess exceptional leadership skills. They must be corporate thinkers who know how to locate and use the field's technical expertise to develop technical policy and to respond to stakeholders. The overwhelming majority of our exceptional technical expertise will continue to be located in the Districts.

REGIONAL SUPPORT – The MSC is responsible for QA processes throughout the Regional Business Center. As a USACE core competency, Regional TE&C Specialists, who reside in a district but spend part of his or her time assisting across the region, provide the necessary expertise that is paramount to success. The regional utilization of TE&C experts will preclude the need for duplication of technical expertise in MSC offices except as required for execution of the Regional Quality Management Program. Districts are responsible for QC and ITRs. Capability is required in the MSCs for quality assurance, enhancing the Learning Organization doctrine, and facilitating communities of practice.

Regional TE&C Specialist will serve on ITR teams; promote technical expertise and technology transfer; serve as in-house District leaders, advisors for QA/QC reviews, senior technical consultants, leaders for complex District projects, and mentors in fostering and promoting professional development of District team members. Development of TE&C Specialists will enhance technical development through exposure to diverse situations and regional projects and issues. It is envisioned that TE&C Specialists will review decision and implementation documents, serve as consultants, provide consistent technical direction, maintain and promote awareness of technical advances and methodologies, develop and promote technical expertise and transfer, serve as mentors and coaches, and participate in regional Lessons Learned systems.

Technical expertise is the very backbone of the Corps of Engineers but our recruiting and retaining capabilities make it difficult to attract world-class talent at all levels. In today's highly competitive technological society, we must be able to quickly hire talented individuals who would like to work for us. On the other end of the spectrum, we need to have a human resources system that provides the tools for us to retain the expertise that we have. It is imperative that the Human Resources system continue to be modernized to assist in recruiting and retaining the technical experts that we require.

RECOMMENDATION 12: Align Structure With USACE Missions

Align structure with mission and funding. Organizational structure and resources at the Major Subordinate Command (MSC) and Headquarters levels must directly support and enable core USACE missions. Where appropriate compete the operating functions of HQ and MSC.

The organizational structure and resourcing to support that structure should be primarily focused on mission accomplishment. It is critical to achieve the correct balance among mission areas that produce products and services for Corps customers, support functions and special services required by law or regulation. The PBAC process jointly used by the HQ and MSCs should be examined and retooled in accordance with this principle.

Executive Direction and Management (ED&M) funding has been level since 1994. In effect, this has incrementally reduced our ability to support the structure and services supported by ED&M. Shifts in organizational structure and funding of initiatives and special mission requirements have occurred over time further diffusing the focus on the purpose and intent of ED&M funds. The current ED&M PBAC process needs improvement so that Command priorities are more clearly identified, understood and supported, and to achieve the correct balance between mission and overhead functions. Mission elements need to take on a greater role in the overall resource decisions and, in particular, the programming and budgeting (PBAC) processes.

The Executive Branch and Congress fund organizations to accomplish assigned missions. The ideal organization would focus resources in direct support of those missions in an integrated fashion. In USACE, integration of support and mission functions currently does not occur below the level of the Commanding General. Without this integrating function each functional area competes independently for resources that do not necessarily support mission accomplishment. As a result, more than half of the Headquarters Executive Direction and Management (ED&M) funds go to support non-mission functions.

Command operating functions, such as processing command-wide awards or providing command-wide communication products may be done at the Washington level, but should be limited. Further study is also recommended to determine the most efficient and cost effective method for providing operating support for the Washington and MSC headquarters. For example, current support for the HQUSACE is provided by HECSA. Recognizing that HECSA provides other than just HQUSACE support, is this the most cost efficient, effective way to provide support or would buying support from Baltimore be more effective?

Competitive outsourcing should follow clear preset standards and goals that advance the public interest and do not undermine core competencies in the Federal government. It should not be viewed as a threat but as an opportunity to improve service at the same or lower cost.

There are many examples where shifting operational support functions or competitive sourcing would produce substantial cost savings and would not affect core competencies.

RECOMMENDED ACTIONS

The study team recommends the following actions:

- Establish a business process that requires support elements to integrate support requirements and annually negotiate a level of service with each supported mission director. For example, assuming the Preferred Structural Alternative is implemented, the Chief of Staff could negotiate support requirements annually with the Directors of Civil Works and Military Programs.
- Establish limits on the amount of ED&M funding to be used for support versus mission requirements. This is analogous to the General and Administrative (G&A) rates that Districts are measured against. Thirty to forty percent would not be unreasonable.

- Recommend that studies determine where operational support can be acquired most cost effectively and efficiently. Offering these non-inherently governmental functions for competition are also an opportunity to transform. Consistent with the President's Management Agenda, the Corps should keep mission related core functions in-house, and outsource those non-core, non-governmental functions.

RECOMMENDATION 13: Metrics

Align corporate effectiveness metrics with mission requirements.

Beginning in 2002, the Army implemented a new system of strategic metrics called the Strategic Readiness System. This system is based on the Balanced Scorecard concept. Although the system is not fully in place, USACE has identified a set of strategic metrics to mesh with the larger Army approach. Additionally there is currently a government-wide effort to evaluate the effectiveness of Federal programs and to identify key performance measures and outcomes. The Corps must continue to pursue the integration of environmental and economic benefit performance evaluation and budget linked outcome performance measures in the years to come. As pointed out by the Division Commanders, with specific reference to this report and the most efficient use of ED&M funds, targets should be identified based on our best projections as to the future availability of resources and used to assist in driving the process.

RECOMMENDATION 14: Strategic Planning Process And Roles

Redesign the Corps strategic planning process. Assign Corps senior leaders major responsibility.

A recent redesign of the Corps strategic planning process established the Commander's Planning Group responsible for facilitating strategic planning within the Corps. Strategic structures do not create strategic thinking and planning. Strategic planning and direction is not the work of staff

groups, but of the Headquarters line executives through an ongoing strategic dialogue and leadership process. Furthermore, strategic planning at the Corps is not integrated. At least four concerns should be addressed:

- (1) Strategic planning for civil works is primarily accomplished at the Institute for Water Resources and is not integrated with the overall strategic planning for the Corps.
- (2) The campaign plan requirement for offices within the Headquarters and at the Divisions has resulted in too many good initiatives going on throughout the organization. In order to use corporate resources wisely, we must focus our change strategies and prioritize and integrate initiatives.
- (3) Even with the various councils and groups, there are few opportunities for real strategic dialogue by senior leaders to plot the course ahead.
- (4) There is also a need for the Washington Headquarters to find effective ways to empower the front-line without having every office inventing its own approach. For example, the Corps has no consistent guidance or approach on the RBC concept, so we have Regional Offices going their own way, with little sharing, learning or consistency. Another example, we have Districts taking various approaches to quality systems--including APIC, ISO, and home-grown. This is extraordinarily expensive (because of redundant effort) and also highly ineffective from the corporate perspective because we end up with well-documented but different and various processes. This practice not only wastes resources, it produces organizational chaos, dysfunction and sub-optimal results.

This is a key role for senior leaders to play and requires thinking strategically. To make and implement consistent corporate systems and processes is a leadership responsibility. Our strength is in decentralization. However, to most effectively empower the field, there needs to be effective and consistent corporate systems to follow.

A redesign of all strategic planning activities at the Headquarters will result in a more corporate approach.

RELATIONSHIPS AND RESPONSIVENESS

To strengthen the many partnerships and relationships we have to serve the Nation, the Corps must immediately become more responsive.

RECOMMENDATION 15: Business Practices

Institute protocols to ensure that business practices do not negatively affect our responsiveness to those within and outside the Corps. This includes tele-commuting, alternate work sites and flexible duty schedules, meetings, voice mail and email.

In an effort to have a better work environment, policies such as tele-work and alternate work schedules have become the norm in many, if not all, offices within the Corps. Likewise, technological advances such as voice mail and email have provided ways for others to contact us with their needs on a continual basis. Our work schedules, locations and levels of response are based on what is convenient for us, not necessarily what is in the best interest of our customers, partners, stakeholders, overseers or even our co-workers. Recommend that we immediately institute protocols and possibly performance measures to ensure that we are continuing to meet the needs of others.

RECOMMENDATION 16: Communication Principles

Develop action plans to institutionalize our Communication Principles throughout the Corps.

Comments we received from others on this study said that we needed to have more frequent communications with those we serve, to listen to their needs versus telling our opinions, to be candid about our capabilities and to cooperatively develop

solutions. We need to tell the American people of our value to the Nation.

The Corps' Communication Principles, adopted in 2002, guide relationship building and how we treat those inside and outside the Corps with whom we work. From many of the comments we received during this study, there appears to be a need to institutionalize these principles and identify measures to foster them. Recommend that strategies be developed and implemented.

USACE COMMUNICATIONS PRINCIPLES

Listen to all constituents, both inside and outside USACE, respecting their viewpoints on issues of concern. Seek opportunities for synergy.

Communicate early, clearly, completely, honestly, accurately, and often.

Make communication an integral part of the project management business process.

Be accessible to all constituencies and respond promptly to their concerns without censorship or misinformation.

Proactively inform the public and stakeholders about the Corps' vital role and special expertise.

THE PREFERRED STRUCTURAL ALTERNATIVE

DEVELOPING THE PREFERRED STRUCTURAL ALTERNATIVE

As detailed in the **Introduction** section in this report, the Preferred Structural Alternative was developed after hearing from others, thinking about and discussing the future, developing a picture of what USACE would look like in the year 2012, looking at what is required in law, vetting our thoughts and assumptions with the top leadership of the Corps and considering the comments received from a Corp-wide review.

Prior to developing the preferred structural alternative the team developed a number of guiding organizational principles that eventually evolved into recommendations. These principles are explained more fully in the **Recommendations** section of the report.

The principles are:

- Act as “One Corps”
- Act as “One Headquarters”
- Focus the Headquarters on Strategic Learning and Direction
- Focus Divisions on the Regional Business Center
- Adopt the RBC 2012 Concept
- Use Integration Teams at Headquarters and Division Offices
- One Policy/One Review
- Empowerment
- Align Expertise with Work

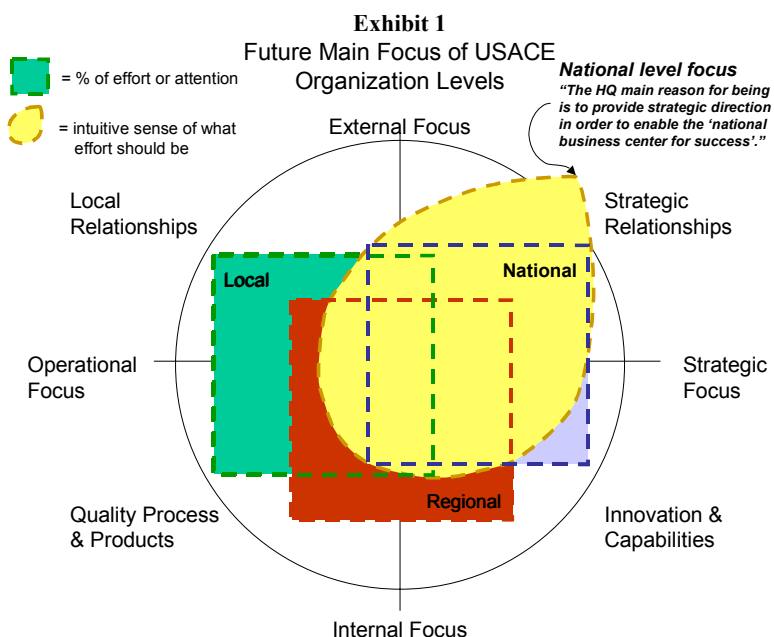
We determined activities that are required by statute and by regulation. Appendix I, *Authority for Execution of Mission Essential Tasks*, summarizes actions and responsibilities that are required by statute and/or regulation. We also evaluated current missions and functions performed at the HQUSACE and MSC levels. One focus of this evaluation was to assess the duplication of activities. This information is provided in Appendix M, *HQUSACE and MSC Missions and Functions*. This information will provide a basic framework for beginning Functional Area Assessments to determine what functions are best performed by the various USACE echelons.

The study team also realized that it was relatively easy to incorporate criteria, qualities, desired characteristics and other assumptions into a supporting structure once the purpose of the organization was clear. This was clearly apparent in designing the MSC Preferred Structural Alternative, as it was agreed that the purpose of the Regional Office is, ***“To enable and support the success of the Regional Business Center.”*** It was also clear that to assure the corporate structure functions effectively, efficiently, and economically and is positioned to respond to the Nation’s priorities, the HQUSACE and Division offices must “Act as One Corps”, i.e., as a single headquarters unit. The design of the MSC Office in the Preferred Structural Alternative is based on these understandings.

The purpose of the national level of *USACE 2012* was not stated as clearly. To focus the team’s efforts, a model was developed based on work previously accomplished by the Strategic Management Board during the late 1990’s. The model differentiates between the purpose and focus of the three major organizational levels of the Corps: local, regional and national (see Exhibit 1). Using an “x / y” axis evaluation methodology, the team plotted major focus efforts from operational to strategic on the x-axis and from internal to external on the y-axis. The focuses of the quadrants were described as “local relationships” (upper left), “strategic relationships” (upper right), “innovations and capabilities” (lower right) and “quality process and products” (lower left).

Based on team member’s experiences and understandings of the work focus and using “percentage of effort or attention” as plotting points, the study team diagrammed the three organizational levels. The boxes in Exhibit 1 represent the different focus and relationships of the three levels. Finally, the team felt that the angular plotting did not adequately indicate the true nature of the national level focus. The team re-plotted the national level using a more elliptical approach that considered the need for greater emphasis on strategic relationships (the yellow “egg-like” figure in Exhibit 1). This led to the national level focus statement that:

“The National Headquarters main reason for being is to provide strategic direction to enable the ‘national business center’ for success.”



From the team’s discussion, the HQUSACE portion of the Preferred Structural Alternative was more fully developed. While Exhibit 1 is subjective, it provided a means to express a shared understanding before completing the Preferred Structural Alternative. It is presented herein to impart insight into the logic behind the development of the Preferred Structural Alternative.

The above research and analysis led to the development of alternative organizational designs to help move the Corps toward meeting the goals and objectives of 2012. Appendix F, *Alternatives Analysis*, provides a detailed discussion of the following eight alternatives with Alternative 8 being the Preferred Structural Alternative:

Alternative 1 - Maintain Status Quo

Alternative 2 - Operations Support Alternative Design

Alternative 3- Army Relevance with District Focus

Alternative 4 - Corporate and Regional Model

Alternative 5 - Dynamic Headquarters with Regional Support Teams

Alternative 6 - National-Regional Alignment

Alternative 7 - Integrated Corporate Alignment

Alternative 8 - Integrated Corporate Alignment - Revised

DISCUSSION OF THE PREFERRED STRUCTURAL ALTERNATIVE

THE HEADQUARTERS, US ARMY CORPS OF ENGINEERS (HQUSACE)

The Washington Headquarters structure will help maintain focus on program development and execution in Civil Works and Military Programs, better align ED&M funding with mission requirements, improve responsiveness and coordination within the headquarters as well as improving overall support to Regional Business Centers. A diagram of the headquarters structure and additional details are contained in Appendix F.

a. The HQUSACE structure is aligned into two major directorates: Civil Works and Military Programs. Civil Works

and Military Programs will each be led by an Army Major General. The following major realignments are recommended in the Civil Works and Military Programs Directorates to better balance the span of control between the Chief, DCG and the two program directors and to foster the integration of and ability to meet mission needs.

(1) Align the following elements in the Civil Works Directorate: Civil Works Programs Management, Planning and Policy, Operations, Engineering and Construction, and Homeland Security. Maintain the Institute for Water Resources (IWR) as a Field Operating Agency reporting to the Director of Civil Works.

(2) Align the following divisions in the Military Programs Directorate: Military Programs Management; Installation, Interagency and International Support (IIIS); Security, Plans, and Operations (including USACE Operations Center (UOC); Real Estate; and the Principal Advisor Responsible for Contracting (PARC). The latter two elements support execution of both military and civil works projects but have been placed in Military Programs to reduce the number of staff reporting directly to the DCG and to balance the span of control between the two program directorates.

(3) Position the following Special Staff offices, led by members of the Senior Executive Service, report to the HQUSACE Deputy Commanding General, and include: Office of the Chief Counsel, Human Resources, Resource Management, Corporate Information, and R & D Advisor (formerly Research and Development Directorate).

(4) Establish direct reporting of the Executive Office and Special Staff to the HQUSACE Chief of Staff. The Special Staff offices reporting to the Chief of Staff are led by GS-15 Managers and include: Public Affairs, Security and Occupational Health, Internal Review, Equal Employment Opportunity (EEO), Logistics Management, Small and Disadvantaged Business Utilization (SADBU), Congressional Liaison, History, and Chaplain.

MAJOR SUBORDINATE COMMAND HEADQUARTERS, US ARMY CORPS OF ENGINEERS

The streamlined MSC structure will maintain focus on program development and execution in Civil Works and Military Programs as well as embrace support of the Regional

Business Center concept of operations. A diagram of the MSC headquarters structure and additional details are contained in Appendix F.

The *Civil Works Directorate* will be structured in three Divisions concentrating on planning and policy, programs development and management, and operations and management of assigned work, much as we see in today's operational environment.

The *Military and Quality Directorate* will include two Divisions that will focus on Military Programs Management (including HTRW and Interagency/International Support) and Quality Management (QM). Little change should be seen in the Military Programs Management Directorate except as identified through a Functional Area Assessment. A small cadre of technical experts and support personnel will be assigned to the QM Division to focus on quality assurance throughout the Regional Business Center (RBC). There will be no Technical Division as technical subject experts, e.g., mechanical, seismic, structural, electrical engineers, etc., will be assigned to District offices. Real Estate capability will remain to provide technical real estate management advice and guidance throughout the RBC.

The MSC will focus on program development and execution activities required to support all regional mission assignments, e.g., military construction, installation support, water resources development, homeland security and emergency management, real estate programs, and environmental stewardship.

The *Business Management Office* (BMO) is the third major organizational element of the MSC. A Program Manager will lead the BMO and report to the MSC Deputy Commander. The BMO will include operational functions typical of resource management, information management, internal review, strategic communications (formerly Public Affairs), strategic outreach, performance measurement and management control, capable workforce, vision and campaign planning, etc. The specific focus of the BMO will include the following:

- Planning for continued success of the Learning Organization.
- Advancing the Regional Business Center (RBC) concept.
- Implementing RBC strategic communications.
- Fostering the cultural change within the Corps to being a collaborative organization.
- Collaborating on and implementing regional strategic planning, resourcing, and capable workforce initiatives.
- Moving the Project Management Business Process forward as the corporate business process.
- Inculcating a collaborative approach to systems meeting information management needs.

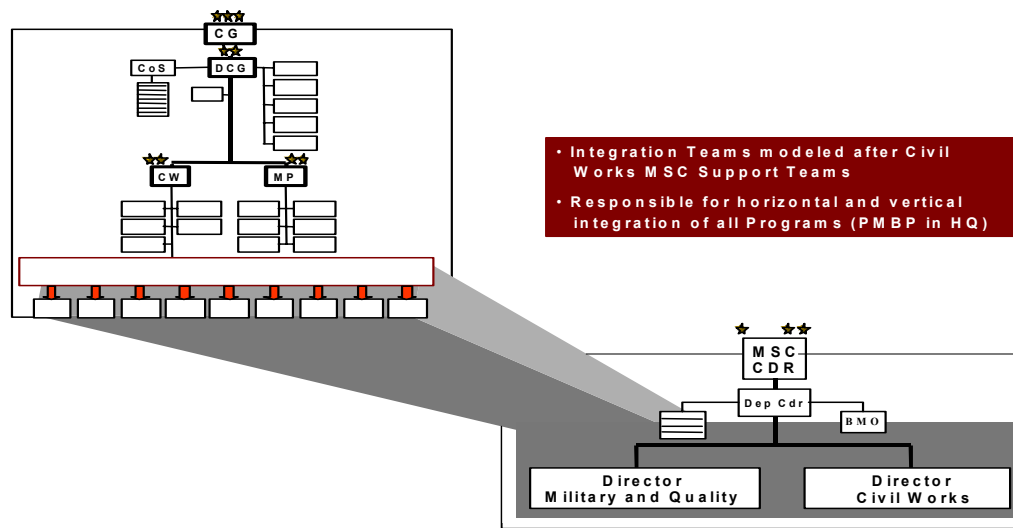
Under the Preferred Structural Alternative, all policy development functions will be the responsibility of HQUSACE. However, a small cadre of advisors will remain on the MSC staff to advise the Commander and will include Counsel, Human Resources, and Security and Law Enforcement. Advisory functions such as internal review, strategic communications, regional resource management, etc., will be located in the Business Management Office. The real estate function will be located in the Military and Quality Directorate.

ESTABLISHING INTEGRATION TEAMS

The HQUSACE Integration Teams (INTs) will bring together the program management functions for all major mission areas to capitalize on the similarity in the Program Management Business Processes (PMBP) and to foster synergy, flexibility, and adaptability among team members and between teams. Division offices will utilize either Regional Support Teams (RST'S) or District Support Teams (DST's) to perform similar functions at the regional level. These teams are described more fully under **Recommendation 6: Integration Teams**.

Exhibit 2 shows the major organizational elements in the HQUSACE and MSC Offices. A detailed organization chart is provided in Appendix F, Exhibit F-8b.

Exhibit 2



EVALUATING THE PREFERRED STRUCTURAL ALTERNATIVE

MEETING OBJECTIVES

Three models were used to evaluate and seven alternatives developed during the study, including the Preferred Structural Alternative. In addition to the models employed in evaluating Alternatives 1-7, a Field Recommended Criterion Model recommended through the field vetting process was also used to evaluate Alternative 8. The four models employed in the analysis of Alternative 8 evaluated the following questions.

- The 7-S Model. Does the alternative meet the goals and objectives of the ideal future in year 2012 in the areas of Shared Values, Stakeholder Values, Strategy, Systems, Skills, Style, and Structure (see Appendix C for further information related to the Seven-S Model)?

- The Mission Model. Does the HQUSACE meet the objectives of Command and Control, Program Management, National Interface, Strategic Planning, and Policy and Guidance Development? Does the MSC meet the goals and objectives of Command and Control, Program Management, Regional Interface, and Quality Assurance?
- The Five Criterion Model. Does the alternative support accomplishment of Corps missions? Does the alternative move the Corps toward attaining the ideal future state in year 2012? Is the alternative strategically desirable? Is the alternative affordable and does it reduce costs? Can the alternative be implemented? (See Appendix F for a discussion of the criteria.)
- The Field Recommended Criterion Model. Does the alternative improve command and control, program management, national interface, regional interface, strategic planning and policy, quality assurance, regional mission accomplishment and move the Corps toward the 2012 “Ideal Future”, and can it be implemented?

The Preferred Structural Alternative meets or exceeds all goals and objectives when assessed against the above four models. A detailed discussion of the evaluation of the goals and objectives is provided in Appendix F.

ECONOMIC EVALUATION

The study team made gross estimates of resource requirements for all alternative. All alternatives, except Alternative 1, Maintain Status Quo, resulted in resource savings.

We anticipate that implementing the Preferred Structural Alternative may result in substantial resource savings in both manpower and dollars. There will also be offsetting costs that will accrue from the need to provide support functions to the HQ Washington and Regional Offices through lead districts, or through outsourcing. While gross estimates were prepared, they are not detailed enough to be included in this report. Detailed resource estimates will prepared during the Implementation Planning Phase.

IMPLEMENTATION AND COMMUNICATIONS

Implementation of the USACE 2012 Future Corporate and Headquarters Design Study will be accomplished by the Chain of Command of the Corps. Additional implementation considerations are contained in Appendix H of this study.

Prior to completing implementation plans, additional steps must be taken to define basic business processes, conduct Functional Area Assessments (FAA's), integrate these analyses vertically and horizontally, refine and resource the Preferred Structural Alternative and then finalize the "Objective Organization", culminating 1 October 2003.

The "Objective Organization" is defined as the manning document and organizational design template that best defines the ideal future corporate design of the Washington and Division Headquarters. This template will be used to guide manpower allocation decisions during the implementation phase.

NEXT STEPS

- On 23-24 April 2003, USACE Senior Leaders will meet to discuss and agree on recommendations, principles, a Preferred Structural Alternative and a process to guide the defining of business processes and conduct of the Functional Area Assessments.
- In mid-May the Senior Leaders will agree on the FAA process and the approach to define the business processes of the Washington HQ and MSCs.
- From May to July 2003, the Process Committee will define the basic business processes to be used in this analysis. USACE Division Commanders will lead efforts to perform a series of Functional Area Analyses on all offices and functions to find efficiencies in processes and

execution of assigned missions. The FAA will also identify staffing levels for each function, at each echelon.

- From August to September 2003, the all FAA's will be integrated horizontally and vertically with the basic business processes into one "Objective Organization".
- On 1 October 2003 publish objective organization that is approved by the Chief of Engineers. Begin implementation.
- By 1 October 2005, complete Implementation. For more details, see Exhibit H-1, Appendix H.

The Functional Area Assessment (FAA) Process

The following is loosely modeled after the Army's Functional Area Assessment process detailed in Army Regulation 11-40. The intent of the Functional Area Analysis is to create a process that:

- Changes the organizational focus from a functional base to a collaborative, team based approach.
- Implements project management business imperatives at each echelon of the organization.
- Achieves efficiency, effectiveness and improved delivery of products and services by creating a structure and business processes that are synchronized, both horizontally and vertically.
- Assigns functions necessary to accomplish missions at the appropriate level of the organization.
- Is conducted independently from functional proponents.
- Engages all echelons in the change management process.

FAA Process

The approach is detailed in the following steps:

1. Define the organizing principles. These are the recommendations contained in this report.
2. Identify the overall framework of a Preferred Structural Alternative (PSA) that best aligns with those principles.
3. Modify the Preferred Structural Alternative based upon organization wide vetting and feedback. This was

done with the issuance of the first draft USACE 2012 and with the subsequent revisions. Alternative 8 is the PSA.

4. Refine and select the Preferred Structural Alternative framework. This is the objective of 24-25 April offsite.
5. Conduct Functional Area Assessments FAA's according to the following timeline:
 - 24 April 2003: Define each business/functional process and FAA to be conducted. The following FAA's with lead responsibilities are proposed:
 - Civil Works (Planning, Programs, Operations, IWR, Homeland Security)-POD Lead
 - Military Programs (MILCON Programs and Installation Support, Security/Plans/Operations (includes Security and Law Enforcement Functions))-MVD Lead
 - Environmental Remediation and Support For Others Programs-NWD Lead
 - Design, Construction and Real Estate-SWD Lead
 - Resource Management, Corporate Information and Public Affairs-SPD Lead
 - Counsel, Contracting (PARC)-and Human Resources-SAD Lead
 - Special Staff Group 1 (Safety, EEO, History, Logistics, Internal Review, SADB, Chaplain, EIG)-LRD Lead
 - Special Staff Group 2 (Command Planning Group, Congressional Affairs, HECSA functions not covered in other vertical reviews)-NAD Lead
 - 15 May 2003: Establish independent teams to conduct each FAA. Division Commanders are responsible for selecting the individuals on the team. The only two requirements are that the teams should be comprised of individuals representing each echelon of the organization and the functional Chief of any organization shall not be a member of any team, but may be consulted as a technical advisor. Division Commanders are encouraged to select individual team members both from inside and outside the functional area being examined.

- 30 May 2003: Define the vertical business processes that each functional element is involved.
 - 15 June 2003:
 - Determine at which organizational level the functions are best performed. FAA's need to consider HQ functions down thru Districts and even project offices in order to understand the full impact of functional actions on the customers and stakeholders.
 - Develop metrics for each business process and functional area to evaluate efficiency, effectiveness and responsiveness for each business process/function evaluated.
 - Constrained resource assumptions. Determine organizational structure and resources necessary to accomplish the function at each echelon. Assume current manpower authorization as a starting point. Analyze the existing condition and decrements of 5, 10, 15 and 20 percent. Document which functions will no longer be accomplished, and associated risk, for each decrement.
 - Define detailed organizational structure at each echelon taking regional differences into account.
6. July 2003-Present vertical business process analyses and structure to Command Council. Review proposals for consistency and compliance with principles. Horizontally integrate vertical functions and business process at each echelon.
 7. July 2003-Finalize the Preferred Structural Alternative, with a detailed organizational structure, business process and resource requirements.
 8. 5-8 August 2003. The FAA process culminates in a formal briefing to the Chief of Engineers at the USACE Senior Leaders Conference.
 9. 9 August 2003-15 September. Integrate all FAA's into one Objective Organization.
 10. 15 September 2003-1 October 2003 Final Senior Leader Review of integrated FAA.
 11. 1 October 2003-Publish Objective Organization

Responsibilities

- Chief of Engineers: Project manager, final decision maker
- Division Commanders:
 - Lead teams for each assigned FAA.
 - Support and participate in FAA's by presenting coordinated information concerning their assigned responsibilities and identifying issues.
 - Ensure all information to be presented in the FAA is integrated into a single, coordinated briefing.
 - Resolve issues and accomplish actions assigned during the FAA process.
- Command Council assures the consistency and integration of the entire FAA process to include the management of issue resolution.
- The FAA Program manager:
 - Serves as overall point of contact.
 - Develops and publishes the FAA schedule in coordination with Division Commanders and functional proponents.
 - Coordinates all actions regarding FAA policy and procedures.
 - Monitors development of FAA briefings for consistency and content in accordance with guidance.
 - Monitors suspense's and tracks actions and issues for completion.
 - Monitors preparation of FAA briefings to the Command Council and Chief of Engineers for consistency.
 - Identifies/verifies issues and concerns and establishes agency or command actions and milestones for resolution based on the FAA briefing, coordination with FAA participants, and guidance from the Chief of Engineers.
 - Identifies a lead entity responsible for accomplishment of each action.
 - Monitors suspense's and tracks actions and issues for completion.
- Process Committee
 - Leads the effort to identify and basic business process lines vertically and horizontally.
 - Leads the effort to identify and define headquarters functions at the Washington and MSC levels.

- Assists the team in developing an objective organization based on the FAA and business processes.

IMPLEMENTATION PRINCIPLES

The study team recommends the use of the following Implementation Principles during planning and implementation of the Preferred Structural Alternative.

- Every effort will be made to provide every Corps employee with a meaningful job in the new organization. The goal is zero involuntary separations. Implementation will consider Competitive Sourcing, Third Wave and other ongoing activities.
- With the recommendation to “Act as One Corps” and “Act as one headquarters,” the implementation team needs to include representatives from all echelons. The dynamic nature of the implementation will require that this team work together intensely. After the development of the plan, the team will need to monitor, adjust and help communicate the plan and the evolving organization on an ongoing basis.
- Implementation plans must be flexible to recognize regional differences and variables, e.g., number of assigned districts, size of programs, etc.
- Implementation will be in accordance with the Project Management Business Process. Reorganization activities will be guided by an overarching Program Management Plan support by individual Project Management Plans where needed.
- Involvement strengthens effectiveness of implementation. Senior leaders of impacted organizations need to be involved in implementation planning and implementation.
- The implementation team will use lessons learned from previous studies and document lessons learned from this

reorganization to provide leaders of the future with the benefit of our experiences.

- There are a number of audiences that are interested in the outcome of the study and the team will make every effort to continue to keep them involved. They include, but are not limited to, employees of the U.S. Army Corps of Engineers, Department of the Army staff, Department of Defense staff, Office of Management and Budget, U.S. Congress, cost sharing partners, interest groups and our customers. A formal communication plan will be developed and implemented for the FAA process and next steps. Some considerations are found in Appendix H.

The rationale for setting the goal of the new organization out to 2012 was to take advantage of the changing character of the Corps' workforce. A large majority of our current employees will be retired or working elsewhere by that time. Transition to a new structure need not be painful if we take into account the technology we now possess and the ability to work virtually. Transforming to a slimmer workforce means employees who work for the Corps can truly have a meaningful place in serving the nation.

In contemplating the changes required, it is important to remember these points:

- Many challenges are currently facing the Corps. We will comply with the President's Management Agenda while remaining flexible to quickly respond to change. We are hearing the call to change from those with whom we partner, from the Executive Branch and the Congress, and from interest groups. With the priorities our country is facing, we must develop a proactive plan now to better serve the Armed Forces and the Nation.
- While the Preferred Structural Alternative only includes a revision to the structure, there are other non-structural concerns that were brought up during our study and recommendations made that address these concerns.

- Whatever the final new design is, it will not fix everything, but it must maximize our ability to work with our partners and serve our customers.
- Change is never easy, but it is necessary if the Corps is to continue to be of service. By streamlining and becoming more focused on our work, our employees will have meaningful work. As good stewards of the public's tax dollars, we owe this change to the American people.

IMPLEMENTING THE PLAN

When implementation planning begins, a collaborative approach will be required. Implementation suggestions are provided in Appendix H and include:

- 1) Establish the program implementation team. Appendix H provides recommendations for team membership. The team's first task will be to develop the Implementation Plan and associated Program Management Plan (PgMP).
- 2) Establish the Washington and Division implementation teams. These teams will augment the USACE Implementation Plan and develop Project Management Plans (PMP) to support the USACE PgMP.
- 3) Develop the communication plan. Both the PgMP and PMPs will include internal and external communication plans.
- 4) Develop the timeline.
- 5) Identify the costs and benefits. The USACE implementation team will develop costs and benefits of the final structural plan including any ancillary costs.
- 6) Understand lessons learned. Appendix H provides some lessons learned from previous organizational studies. All implementation teams will benefit from using these lessons learned and the future leaders of the Corps will benefit from documenting lessons learned during these restructuring activities.

APPENDICES

(contained in separate document)

Appendix A: Project Management Plan

Appendix B: Interview and Survey Summaries

Appendix C: Ideal Future Corporate Design

Appendix D: Mission Aspects of Structure

Appendix E: Ideal Futures-The HQ USACE Staff
Perspectives

Appendix F: Alternative Analysis

Appendix G: Resource Analysis

Appendix H: Implementation Considerations

Appendix I: Authority for Execution of Mission Essential
Tasks

Appendix J: Follow-on Studies and Actions

Appendix K: Acronyms and Abbreviations

Appendix L: References

Appendix M: Missions and Functions